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24 JUNE 1986

# China Report

ECONOMIC AFFAIRS

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24 JUNE 1986

# CHINA REPORT

## ECONOMIC AFFAIRS

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HEBEI CONGRESS STANDING COMMITTEE ISSUES WORK REPORT

SK300920 Shijiazhuang HEBEI RIBAO in Chinese 8 May 86 pp 1, 3

[Work report given by Sun Zhiguo, chairman of the Hebei Provincial People's Congress Standing Committee, at the fourth session of the sixth provincial People's Congress on 30 April 1986]

[Excerpts] Fellow deputies:

Entrusted by the provincial people's congress standing committee, I would like to deliver a report on the work done in the period since the third session of the sixth provincial people's congress.

Since the third session of the sixth provincial people's congress, the standing committee, under the leadership of the provincial CPC committee, has played an active role in further enhancing the building of democracy and legal systems, promoting the smooth progress in the drive to conduct reforms, ensuring the healthy development of the drive to conduct reforms, consolidating the outstanding results scored in the drive to conduct reforms, and pushing forward the program of building the two civilizations in the province by taking the spirit of the National Conference of Party Delegates as guiding ideology, following the demands set forth in the proposals made by the central authorities with regard to formulating the Seventh 5-Year Plan for economic and social development, proceeding from the party's general target and task, vigorously exercising the function and power given by the Constitution and the "Organic Law" for local congresses and governments, and earnestly implementing the resolutions adopted at the third session of the sixth provincial people's congress.

1. Efforts have been made to actively formulate local regulations and rules.

Since the 3d Plenary Session of the 11th CPC Central Committee, the party and state have stressed that efforts should be made to develop socialist democracy and to improve socialist legal systems. The decision made by the CPC Central Committee with regard to the drive to conduct reforms in economic systems has pointed out that "the drive to conduct reforms in economic systems and the development of the national economy have enabled more and more economic relations and the guiding principles of economic activities

to be fixed in a legislative way and that the state legislative organs should accelerate their pace in economic legislation." The decision made by the CPC Central Committee with regard to conducting reforms in educational systems has also pointed out that the people's congresses at all levels should formulate their own provisions on enforcing compulsory education. In line with the demands mentioned above, the standing committee has actively conducted local legislative work in order to ensure the implementation of the Constitution and the state law in the province and to meet the need of the province's actual situation prevailing in conducting reforms in economic, scientific and technical, and educational systems.

Over the past year, the standing committee has formulated, in succession, the following six local regulations and rules: The trial provisions on provincial financial supervision, the Shijiazhuang City provisions on managing city appearance and public health, the provincial temporary provisions on urban public health management, the provincial provisions on managing water sources, the provincial temporary provisions on developing vocational and technical education, and the provincial provisions on managing the people's campaign obligatory for planting of trees. In addition, the standing committee has preliminarily examined the draft provincial temporary provisions on confiscating or dealing with stolen money and goods, the draft provincial trial provisions on highway management, and the draft provincial temporary provisions on conducting financial management at the township-town level. It has also discussed and made a decision to submit the draft provincial provisions on making compulsory education universal to the fourth session of the sixth provincial people's congress for examination and approval. Of the 10 local regulations and rules mentioned above, 6 concern economic aspects, 3 educational and public health aspects, and 1 political aspects.

In formulating local regulations and rules, our major methods are as follows: 1) Efforts have been made to formulate legislative plans in a planned manner and by aiming at major aspects. 2) Efforts have been made to uphold the principle of adopting an active and careful attitude toward the work. 3) Efforts have been made to carry out investigation and studies in a penetrating way, to further keep abreast of the whole situation, and to provide an objective basis for legislation. 4) Efforts have been made to fully carry forward democracy.

Over the past year, we have organized the departments convened in a timely manner to discuss the 16 draft laws issued by the NPC Standing Committee for soliciting local opinions with regard to the provisions on resident identification cards, the civil code, the law on compulsory education, the law on joint-venture enterprises with foreign firms, the fishery law, the pastoral law, and the regulations and rules on departures and arrivals of foreigners and departures and returns of citizens. We have also collected all revised opinions offered by the deputies and reported them to the NPC Standing Committee.

2. Efforts have been made to earnestly hear and discuss the work reports given by the provincial people's government, the provincial higher people's court, and the provincial people's procuratorate and to enhance the supervisory work.

In line with the supervisory function and power given by law to the people's congress standing committee and the demands set forth in the speech by Peng Zhen, chairman of the NPC Standing Committee, with regard to supervisory work, we have actively carried out legal and work supervision and convened standing committee meetings to hear and discuss the work reports given by the government, the people's court, and the people's procuratorate. This represents a basic supervisory style and also represents support and encouragement to the work undertaken by the government, the people's court, and the people's procuratorate. In hearing and discussing the work reports, attention has been paid to the following four aspects of the reports:

1. Efforts have been made to hear and discuss the reports on the implementation of the law and the local regulations and rules.
2. Efforts have been made to hear and discuss the reports on the implementation of the resolutions adopted by the provincial people's congress or by its standing committee.
3. Efforts have been made to hear and discuss the reports on the drive to conduct reforms.
4. Efforts have been made to hear and discuss the reports given by the provincial nationalities affairs committee with regard to the work situation.

In its daily work, the standing committee has paid attention to and enhanced the supervision over the implementation of the Constitution and the law in line with the demand of grasping construction on the one hand and legal systems on the other and has consulted with the departments concerned on the work of correcting some practices against the provisions of the law.

3. Efforts have been made to carry out penetrating investigation and studies.

Carrying out investigation and studies not only constitutes the basic method of the work undertaken by the people's congress standing committee, but has also become its daily working task. The work of carrying out investigation and studies has been conducted chiefly in the following three aspects:

1) Investigation and studies have been carried out in formulating local regulations and rules. 2) Investigation and studies have been carried out in line with the topics for discussion and important issues raised at the regular meetings of the standing committee. 3) Investigation has been carried out to learn about the situation prevailing in the implementation of the Constitution, the law, the local regulations and rules, and the resolutions adopted by the standing committee.

4. Efforts have been made to strengthen ties with deputies.

Establishing ties with deputies constitutes one of the daily works undertaken by the provincial people's congress standing committee. Tasks that have been fulfilled in this regard are as follows:

1. Efforts have been made to earnestly implement the measure of the provincial people's congress standing committee with regard to establishing ties with deputies, to contact the people's congress standing committees at city and county levels in order to learn about the implementation of the measures, and to sum up and push forward the work of making contact with deputies.
2. Efforts have been made to earnestly deal with the motions, proposals, criticisms, and opinions raised by the deputies at the third session of the sixth provincial people's congress.
3. Efforts have been made to handle petitions made by the people and deputies in letters or through visits. Over the past year, the standing committee has received more than 1,800 petition letters sent by the people and deputies and handled more than 460 petitions made by them through visits.
4. Efforts have been made to organize deputies and standing committee members to carry out inspections. Since the third session of the sixth provincial people's congress, we have organized the staff members of the standing committee and deputies to carry out three inspection activities.
5. Efforts have been made to make close contact with the people's congress standing committees at city and county levels.

In making contact with the people's congress standing committees at city and county levels, the standing committee of the provincial people's congress has fulfilled chiefly the following tasks: 1) Efforts have been made to hold work forums of the people's congress standing committees at city, county, and (city-level) district levels. 2) Efforts have been made to train cadres for the work. 3) Efforts have been made to enhance the compilation of the "Bulletin" published by the provincial people's congress standing committee and the "Working News" published by the general office under the standing committee.

6. Efforts have been made to strengthen the self-improvement of the standing committee.

The new situation in which socialist material and spiritual civilizations are built simultaneously, the building of democracy and legal systems is further enhanced, and the programs of conducting reforms and enforcing the policy of opening to the outside in order to enliven the domestic economy are carried out, has set forth higher demands for the work of the people's congress standing committees. In order to enable the standing committee to better meet the demands set forth by the new situation for organizations, ideology, work style, and working methods, and to enable it to truly become the local authoritative organ of state power and to fulfill various tasks given by the law, we have continuously strengthened the standing committee's work of self-improvement over the past year, attached importance to studying the state principles and policies and legal knowledge, done our work in strict accordance with the law, and fully carried forward democracy.



Generally, speaking, over the past year, since the third session of the sixth provincial people's congress, the standing committee has scored certain achievements in its work. However, there has been a gap between its achievements and the function and power given by the law as well as the demands set forth by the new situation for the standing committee work. The standing committee has not done enough in conducting legal supervision and should try further to sum up its experiences gained in this regard. Under the circumstances in which legislative tasks have become heavier and heavier, our legislative work still cannot completely meet the need of the drive to conduct reforms. The work of having the standing committee conduct self-improvement and of making contact with deputies should also be further enhanced. The quality of the standing committee regular meetings should be further upgraded. We have not done enough in the work of foreign affairs, which still cannot meet the need of enforcing the policy of opening to the outside.

In 1986 we should continuously regard the spirit of the National Conference of Party Delegates as guiding ideology; earnestly follow up on the report given by Premier Zhao Ziyang with regard to the Seventh 5-Year Plan and the principles, tasks, and demands set forth by the Seventh 5-Year Plan; and emphatically do a good job in grasping the following work under the leadership of the provincial CPC committee: 1) Efforts should be made to further enhance the legal supervision; to conduct inspection and supervision in a planned and organized manner over the implementation of the Constitution, the law, the local regulations and rules, and the resolutions adopted by the provincial people's congress and its standing committee; to emphatically deal with the problem whereby people do not abide by the law in doing things and personnel do not strictly enforce the law; and to consult the departments concerned in a timely manner in order to deal with the exposed violation cases. Efforts should be made to continuously enhance legislative work and to actively and carefully formulate local regulations and rules in line with the practical need of the drive to conduct reforms and to enforce the open policy. In 1986 the standing committee plans to formulate 8 or 10 local regulations and rules. 2) Efforts should be made to do a good job in convening regular meetings of the standing committee. 3) Efforts should be made to organize standing committee members to carry out inspection activities in line with the new situation and problems cropping up in the drive to conduct reforms and in line with the issues which the masses are most concerned about. 4) Continuous efforts should be made to enhance the building of organs.

Fellow deputies, the year 1986 is the first year in implementing the Seventh 5-Year Plan in an overall way. In line with the general demand of building socialism reflecting Chinese characteristics and the basic principle of enforcing the policy of opening the outside in order to enliven the domestic economy, the standing committee of the provincial people's congress will continuously and earnestly exercise its function and power given by the Constitution and the law this year, earnestly implement the state principles and policies, and, by displaying the spirit of vigorously making progress, unite as one in struggles, and conduct work in a down-to-earth manner in order to make new contributions to promoting the building of material and spiritual civilizations in the province and fulfilling the Seventh 5-Year Plan.

The work report delivered above is now presented for consideration.

PROVINCIAL AFFAIRS

BEIJING MUNICIPAL PEOPLE'S CONGRESS SESSION OPENS

SK70350 Beijing BEIJING RIBAO in Chinese 14 May 86 p 1

[Excerpts] The Fifth Session of the Eighth Beijing Municipal People's Congress ceremoniously opened on the morning of 13 May at the Great Hall of the People.

At the opening ceremony, Chen Xitong, mayor of Beijing Municipality, made the "Report on the Seventh 5-Year Plan for Economic and Social Development" to more than 800 people's deputies from all fronts in the municipality, and submitted the "(Draft) Seventh 5-Year Plan for the Beijing Municipal Economic and Social Development" to the present session for examination. He said: "During the Sixth 5-Year Plan period, the reform has gradually developed from the rural areas to the urban areas in line with the general principle of opening up to the outside world and invigorating the domestic economy, thus always being the motive force of the development of our various undertakings. The reform has instilled vitality into the economic undertakings, has directed the economic undertakings onto the orbit of focusing on the improvement of economic efficiency, and has promoted the rapid development of production and the progress of the scientific, technological, cultural, educational, and other undertakings. He pointed out: Carrying out the economic structural reform and the reform in other fields continuously and penetratingly constitutes the central task of the Seventh 5-Year Plan period, as well as the key to realizing the Seventh 5-Year Plan. The people throughout the municipality should adhere to the correct orientation of the reform.

The executive members of the presidium served as the executive chairmen of the meeting held on 13 May. They were Li Ximing, Zhao Pengfei, Jiao Ruoyu, Wang Jialiu, Li Qiyan, Li Guang, Wang Lixing, Wang Xian, Pan Yan, Fan Jin, Ma Yaoji, Hou Jingru, Wen Jiasi, Pu Jiexiu, She Diman, Cheng Mingshao, Wang Dazhong, Xing Jun, Rong Yi, and Xia Qinlin.

At 0900 on 13 May, Zhao Pengfei, executive chairman of the meeting, declared the session open. People's deputies to the session and other personnel stood to sing the national anthem. Then, Mayor Chen Xitong delivered a report to the session. His report consists of four parts: 1) The fulfillment of the Sixth 5-Year Plan; 2) the basic tasks of the Seventh 5-Year Plan; 3) Carrying

out the reform in a positive, stable, and penetrating manner; and 4) vigorously promoting the building of socialist spiritual civilization, the democracy, and the legal system.

Members participating in the Fourth Session of the Sixth Beijing Municipal CPPCC Committee attended the 13-May meeting as observers.

Also attending the meeting as observers were other leading comrades of the municipal people's government; responsible persons of the municipal higher people's court and the municipal people's procuratorate; responsible persons of the municipal CPC committee, the municipal people's congress standing committee, and various departments, commissions, offices, bureaus, and companies under the municipal people's government; and responsible persons of various district and county people's congress standing committee and people's governments. Also attending were part of the municipal people's deputies to the Sixth NPC. They include Dong Jianhua and Zhang Bingui, members of the NPC Standing Committee.

On the afternoon of 13 May, people's deputies discussed Chen Xitong's report in groups. On the morning of 14 May, the session held its second plenary meeting.

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### FUJIAN PEOPLE'S CONGRESS SESSION ENDS

OW241117 Fuzhou Fujian Provincial Service in Mandarin 1030 GMT 22 May 86

[Excerpts] The Fifth Session of the Sixth Fujian Provincial People's Congress concluded this afternoon.

The closing meeting was attended by 467 deputies. The executive chairmen of the presidium acted as executive chairmen for today's meeting. They were Cheng Xu, Wang Yan, Guo Ruiren, Kang Beisheng, Zeng Ming, Liu Yongye, and Cai Liangcheng. In addition to Chen Guangyi, Hu Hong, and other members of the presidium, leading comrades from the provincial CPC committee, including Hu Ping, Gao Hu, Zhang Kehui, and He Shaochuan, as well as members from the Central Advisory Commission and the Central Discipline Inspection Commission; leading comrades from provincial advisory commission, the provincial government, the provincial CPPCC committee, the provincial military district, the provincial court, and the provincial procuratorate; veteran comrades; and members of the CPPCC National Committee from Hong Kong and Macao (in the order of the number of strokes of their surnames) Zuo Fengmei, Lu Haoran, Xu Jimei, (Li Wenren), He Ruoren, Zhang Gexin, Chen Yourong, Chen Yangzeng, Chen Xizhong, Chen Mingyi, Chen Binfan, Chen Xinxu, (Hu Zengmao), (Huang Chaoxi), Huang Yaguang, (Zhang Ji), Liang Piyun, Jiang Xuedao, Fu Baicui, You Dexin, and (Wei Xianshui) were seated at the rostrum.

The session adopted the following resolutions: the resolution of Fujian's Seventh 5-Year Plan and the report on this plan, the resolution on Fujian's 1986 National Economic and Social Development Plan, the resolution on Fujian's 1985 final accounts and 1986 budget, the resolution on the Work Report of the Provincial People's Congress Standing Committee, the resolution on the Work Report of the Provincial Higher People's Court, and the resolution on the Work Report of the Provincial People's Procuratorate.

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HEILONGJIANG PEOPLE'S CONGRESS SESSION CONCLUDES

SK302254 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 29 May 86

[Text] After a 10-day meeting, the fourth session of the Sixth Heilongjiang Provincial People's Congress successfully concluded in the provincial exhibition hall on the afternoon of 29 May.

The session urged the people of various nationalities throughout the province to further closely unite as one, to carry forward the spirit of arduously doing pioneering work and of the Old Foolish Man removing the mountain, to strive to fulfill the Seventh 5-Year Plan in an all-round way, to make the economy prosperous in 1990's, and to build socialism with Chinese characteristics.

Presiding over today's session were executive members of the session's presidium, including Li Jianbai, Chen Yuanzhi, Lu Guang, Wei Zhimin, Wang Jinling, Liu Huixian, Wang Pili, Wang Zhaozhi, Wang Jun, Zhao Zhenhua, and Zhang Ruoxian.

Today's session, presided by Li Jianbai, opened at 1400. He announced that attending the session were 820 deputies, who constituted a quorum.

The session first approved the resolutions of the Seventh 5-Year Plan for economic and social development and of the report of the Seventh 5-Year Plan, and adopted a resolution on approving the report given by Governor Hou Jie on behalf of the provincial people's government, entitled "Uphold the Principle of Conducting Reforms, Conduct Work in a Down-to-Earth Manner, and Strive To Fulfill the Seventh 5-Year Plan in the Province." The session approved in principle the Seventh 5-Year Plan formulated by the provincial people's government for economic and social development.

The resolution adopted at the session stated that our province scored new achievements during the implementation period of the Sixth 5-Year Plan, which have laid a solid foundation for successfully fulfilling the Seventh 5-Year Plan. Such achievements represent the results scored by the people of various nationalities throughout the province, who have made concerted efforts and waged arduous struggles under the leadership of the provincial CPC committee.

The session expressed satisfaction with the work done by the provincial people's government during the implementation period of the Sixth 5-Year Plan and pointed out that the province's situation in politics and the economy during the Sixth 5-Year Plan period was fine. However, there are still weak links in the course of economic and social development and shortcomings and faults in work. In conducting penetrating reforms and making progress, the province still has many difficulties and problems. By no means should we lower our guard in work. The major tasks and basic principles fixed by the province for the Seventh 5-Year Plan are in conformity with the demand for fulfilling the grand target by the end of this century, with the spirit of the national Seventh 5-Year Plan, and with the actual situation in the province. These tasks and principles are completely possible to be fulfilled by the common efforts exerted by the people throughout the province.

The session approved the resolution on the 1986 plan for the national economy and social development and approved the 1986 economic and social development plan submitted by the provincial people's government and the report given by Vice Governor Liu Zhongli with regard to the 1986 economic and social development draft plan. The session also approved the resolution on the province's 1985 final accounts and 1986 budget and approved the 1985 final accounts and the 1986 budget submitted by the provincial people's government and the report given by Zhao Jicheng, director of the provincial finance department, on the 1985 final draft accounts and the 1986 draft budget. The session approved a resolution on implementing the provisions of the PRC compulsory education law and other specific resolutions. The session adopted the work report of the provincial people's congress standing committee, which was delivered by Chen Yuanzhi, vice chairman of the standing committee; the work report of the provincial higher people's court, delivered by Zhang Li, president of the provincial higher people's court; and the work report of the provincial people's procuratorate, delivered by Jia Chengwen, chief procurator of the provincial procuratorate.

The session elected by a show of hands Wang Yuehua, (Xu Shaowan), and (Li Ying) as supplementary members of the standing committee.

The session closed amid the majestic strains of the national anthem after successfully fulfilling various mixed items on the session's agenda.

Seated on the rostrum of today's session were leading comrades from the provincial CPC committee, the provincial advisory commission, the provincial people's government, the provincial CPPCC committee, and the provincial discipline inspection commission, including Sun Weiben, Chen Lei, Hou Jie, Wang Zhao, Li Gensheng, Chen Yunlin, Zhou Wenhua, Wang Yusheng, Li He, Wang Luming, Zhang Lin, Wang Fei, An Zhendong, He Shoulun, Liu Zhongli, and Jing Downen, Zhang Li, president of the provincial higher people's court; and Jia Chengwen, chief procurator of the provincial people's procuratorate.

Also seated on the rostrum were retired veteran cadres, including Zhao Dezun, Chan Jianfei, Zhang Ruilin, and Wang Minggui.

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CSO: 4006/1071

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XINJIANG'S TOMUR DAWAMAT ADDRESS TO PEOPLE'S CONGRESS MEETING

Reports on Seventh 5-Year Plan

HK270207 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 26 May 86

[Excerpts] The fifth session of the Sixth Xinjiang Regional People's Congress held a grand opening this morning in the People's Hall. Those present as executive chairmen at the opening session included Wang Enmao, Song Hanliang, Amudong Niyazi, Saifulayefu, Li Jiayu, Yang Yiqing, Caodanofu, and Ren Gebai.

Tomur Dawamat, chairman of the regional people's government, delivered a report on the region's seventh 5-year plan. The report was in five parts: 1) the main achievements and basic experiences of the sixth 5-year plan; 2) the guiding ideas and basic tasks for the seventh 5-year plan; 3) resolutely carry out reform of the economic structure in a planned way; 4) vigorously step up the building of spiritual civilization; 5) we must get a good grasp of work in 1986.

He said: In the past 5 years, under the leadership of the CPC Central Committee, State Council, and regional CPC committee, the region has fulfilled or overfulfilled most of the targets and tasks set by the sixth 5-year plan. Great success has been scored in socialist modernization.

He said: In accordance with the demands of the national Seventh 5-Year Plan, and in connection with Xinjiang realities, the basic tasks proposed in the draft of the region's seventh 5-year plan are to continue to consolidate and develop the political situation of stability and unity, ensure the sustained, steady, and coordinated development of the national economy, persevere in reform, invigorate the economy, gradually perfect the market setup, strengthen our ability to control the objective economy [as heard--believe this is misreading for macroeconomy], and basically lay the foundation for a new-style socialist economic setup with Xinjiang characteristics. We should harmonize relationships, readjust structures, set up prospecting of our resources, do a good job in key construction projects, technological transformation, and brain-power exploitation, and ensure that the region's industrial and agricultural output value in 1990 increases by 180 percent [fan yi dian si fan] over 1980 and that its national income per-capita reaches the national

average. On the basis of developing production, we should continue to improve urban and rural living standards, and in particular extricate the peasants and herdsmen in poor areas from poverty and enrich them as soon as possible. While stepping up the building of socialist material civilization, we should vigorously strengthen the building of socialist spiritual civilization and bring about a fundamental turn for the better in party style and social mood.

We must waste no time in eliminating the various defects in the present set-up that hamper the development of the productive forces, and gradually establish a new economic setup full of vigor and vitality. Thus we should ensure sustained, steady, and coordinated development of the region's economy in the next 5, 10, and 20 years, and even longer.

The session held its second full gathering in the afternoon to listen to reports on the draft of the region's national economy and social development plan for 1986 and on the final accounts for 1985 and the budget for 1986.

(Liu Zonghao), chairman of the regional planning commission, delivered the first of these reports. He reported on the main tasks in the 1986 plan and proposed the main measures fulfilling them.

Mahemaiti Shabier, director of the regional finance department, reported on the final accounts for 1985 and the draft budget for 1986. He said: Generally speaking, the region's financial situation last year was good. Revenue increased by 125 million yuan over 1984, thus achieving for the fourth year in succession the regional CPC committee's demand for revenue to rise by 100 million yuan a year.

He said: To ensure the fulfillment of this year's budget, we must strive to do a good job in the following respects: 1) Open up more sources for increasing revenue on the basis of developing production and improving economic results. 2) Strengthen macroeconomic control, persevere in acting according to our capabilities, and strictly control and economize expenditures. 3) Institute a new financial setup of the prefectures, cities, and counties. 4) Strengthen county-level financial work and promote the accelerated development of economic and cultural construction in the counties. 5) Strengthen fiscal supervision, strictly enforce fiscal discipline, and seriously correct new unhealthy trends.

#### Economic Achievements, Tasks Reviewed

HK280159 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 27 May 86

[Excerpts] In his report on the draft of the region's seventh 5-year plan, Regional Government Chairman Tomur Dawamat gave an all-round review of the execution of the sixth 5-year plan.

He said: During the sixth 5-year plan, industrial and agricultural output value rose at an annual average of 11.4 percent, higher than the 6.8 percent

average recorded during the years 19852-78. It was also higher than the national average of 11 percent. The region recorded average annual increases of 14.4 percent in light industry and 11.4 percent in heavy industry. Agriculture developed particularly rapidly, recording an average annual rise of 9.6 percent, far exceeding the 6 percent average recorded during the past 36 years. This agricultural performance was provided extremely favorable conditions for all-round and steady economic growth in the region.

Total investment in fixed assets in units owned by the whole people amounted to 13,399 million yuan. New fixed assets amounted to 9,171 million yuan. This has greatly strengthened the region's material and technical foundation for economic and social development.

The region's financial situation took a marked turn for the better during the sixth 5-year plan. The situation of 3 successive years of declining revenue, from 1979 to 1981, was reversed, and a good momentum of steady revival appeared. Since 1982, the region has fulfilled 4 years in succession the regional CPC committee's demand for an annual revenue increase of 100 million. Revenue doubled during the 5 years.

The actual consumption level of urban and rural residents increased by 41.6 percent during the 5 years.

During the sixth 5-year plan, the Xinjiang Production and Construction Corps scored great successes in defending the motherland's border, consolidating stability and unity, and developing economic and social construction. Its industrial and agricultural output value rose at an annual average of 12.7 percent, higher than the regional average. The corps played a backbone and demonstration role.

Tomur Dawamat said: During the seventh 5-year plan, we must maintain a certain growth rate under the premise of improving economic results. Industrial and agricultural output value should rise by an annual average of 8.6 percent. This includes annual rises of 6.4 percent in agriculture and 9.9 percent in industry. National income should rise by an annual average of 8.8 percent. Gross domestic product should rise by an annual average of 9.1 percent.

He said: In deciding on these growth rates, we have made an all-round analysis and forecast of the region's current and future economic and social development and taken into account the changes and demands of various internal factors. We have also taken account of the fact that the region's industrial and agricultural output value growth during the sixth 5-year plan was higher than the stipulated growth rate and that in the past 2 years there has been some swelling in investment and consumption demands. We have in particular taken account of the fact that the all-round unfolding of reform of the economic structure requires a relatively relaxed economic environment. We have therefore appropriately lowered the growth rate for the seventh 5-year plan. This will help in the all-round unfolding of economic structural reforms, in the readjustment of production patterns and product mix, and in further directing our attention to improving product quality and economic results.



Tomur Dawamat pointed out: The growth rate we are setting out now is higher than the national average for the seventh 5-year plan and also higher than the region's average growth rate for the 20 years 1961-80. It is also basically in accord with the average growth required to sextuple [fan liang fan ban] industrial and agricultural output over the period 1981-2000. The growth rate embodies the principle of being positive while also leaving a margin. By attaining this growth rate, by 1990 the region's national income will have grown by 200 percent in 10 years, and there will be a great increase in our economic strength and further improvement in living standards. In this way we can be still more certain of achieving our strategic goal for the end of the century.

Tomur Dawamat reviewed the regional economic pattern for the seventh 5-year plan. He said: During the period of the plan, we should take the existing bases as the props, focus on northern Xinjiang, and also step up the development of southern Xinjiang, so that the northern and southern parts will support and spur each other and get rich together. We must do a good job in improving and expanding the existing industrial bases in the Hami-Urumqi-Karamay area, bring their production potentials into full play, and increase their capacity to support the development of other areas.

He pointed out that proposing such a pattern is determined by the history and current state of economic development in Xinjiang. It is the demand of the objective laws of the development of productive forces. The Hami-Urumqi-Karamay area has good communications, abundant resources, relatively concentrated production, relatively high technological standards and degree of specialization, and relatively strong production capacity and technical installations. To focus on building up this area well is extremely important for the economic development of the entire region.

From the angles of the overall situation and the long-term aspect, to concentrate on developing northern Xinjiang during the seventh 5-year plan is precisely for the purpose of providing better support for southern Xinjiang. Only when the economy of the entire region is developed and our economic strength has grown will it be possible to put forward still greater effort in supporting southern Xinjiang and thus speed up its development.

#### Announces Focal Points in Construction

HK290221 Urumqi Xinjiang Regional Service in Mandarin 0000 GMT 29 May 86

[Text] In his report to the fifth session of the sixth regional people's congress, Regional Chairman Tomur Dawamat said that the focal points for construction in Xinjiang during the seventh 5-year plan are water conservancy, communications, energy, building materials, and education. This has been decided in light of the region's resources conditions, constraining factors, weak links, and feasibilities, and in view of their impact on the region's economic development strategy.

He said: During the period of the plan, we must continue to vigorously step up water conservancy construction, get a good grasp of rounding off projects and reducing seepage, and build a number of new projects needing little investment and producing good results. We should gradually solve problems of spring drought, flood precautions, drainage, and prevention of alkalization. We must pay special attention to water conservancy construction in pastoral areas, to ensure the development of animal husbandry.

We must assign the development of communications and transport a priority position during the period of the plan. While continuing to get a good grasp of road transport, we must vigorously step up railroad and air transport, improve the transport structure, modernize transport, organize a rational transport pattern, and improve economic results.

We must regard energy and the building materials industry as key sectors during the seventh 5-year plan and give priority to their development, so as to ensure the smooth accomplishment of the plan.

Tomur Dawamat pointed out: Economic development depends on science and technology. Talented people are needed to master advanced science and technology, and such people must be trained through education. We must therefore regard education as a focal point, suitably increase investment in it, strive to improve its quality, provide better teaching conditions, and reform the education structure. We must speed up the training of talented people needed in the four modernizations drive.

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CSO: 4006/1071



24 June 1986

## PROVINCIAL AFFAIRS

## SHANDONG'S CPPCC STANDING COMMITTEE WORK REPORT

SK300138 Jinan DAZHONG RIBAO in Chinese 9 May 86 p 2

[Work report of the Standing Committee of the Shandong Provincial Committee delivered by Guo Yicheng, vice chairman of the provincial CPPCC committee, at the fourth session of the fifth provincial CPPCC committee on 8 May: "United the Personages of all Circles To Make Contributions to the Realization of the Seventh 5-Year Plan and the Reunification of the Motherland"]

[Text] Guo Yicheng, vice chairman of the provincial CPPCC committee, delivered a work report of the standing committee of the provincial CPPCC committee at the fourth session of the fifth provincial CPPCC committee on the morning of 8 May.

Guo Yicheng said: Since the third session of the fifth provincial CPPCC committee, new progress has been made in the united front work and the CPPCC work under the new situation, the fields of conducting various forms of political consultation and democratic supervision activities have become wider and wider, and the content of conducting these activities is getting richer and richer. Over the past 1 year, the provincial CPPCC committee has done a lot of work and has created a new situation in facilitating the socialist material and spiritual civilizations and promoting the reunification of the motherland. Guo Yicheng reviewed the work done since the third session of the fifth provincial CPPCC committee.

1. The CPPCC committee brought into full play its functions and advantages of having many talented persons, and suggested means and made efforts for reform and construction.

Over the past 1 year, the CPPCC organizations at all levels concentrated on the central tasks of conducting reform and four modernizations, carried out into full play their role in conducting various forms of political consultation and democratic supervision activities, and successfully put their work on the course of serving the four modernizations. Closely in line with the new situation and the new problems cropping up in the course of opening to the outside world and carrying out reform and construction, the CPPCC committee enthusiastically organized its members to conduct inspection, investigation on special subjects, consultation, and service. Over the past 1 year, the

work group for agriculture and forestry, the work group for science and technology, the work group for culture, the work group for sports and the work group for health and medicine under the provincial CPPCC committee visited and inspected more than 30 counties (cities and districts) in succession, including Jiann, Qingdao, Zaozhuang, Yantai, Weifang, Zibo, Jining, Linyi, and Hezei. In accordance with the problems found out through their investigation tours, the CPPCC members wrote reports on special subjects and made constructive suggestions. These reports and suggestions have brought to the attentions of relevant departments and some of them have been adopted.

In the spirit of seeking reality and blazing new trails, the CPPCC members and the personages of all circles initiatively created new work fields in service in the four modernizations. For instance, they helped the government study and formulate the social and economic development plan; offered economic, scientific and technological information; introduced investment from abroad and established lateral ties at home; developed lateral economic cooperation; developed spare-time education; carried out intellectual development; helped the enterprises conduct technological transformation and improve management and operation; and helped the peasants become rich through labor and seek common prosperity.

Last year, together with the provincial democratic national construction association and the provincial federation of industry and commerce, some CPPCC members and the work groups for agriculture and forestry, science and technology, industry and commerce, and sports organized and dispatched by the provincial CPPCC committees separately went to Linyi, Liaocheng, and Linqing to conduct investigation, consultation, and service activities. Better economic results and social effects were scored in these activities thanks to their specific contents.

The CPPCC members also made suggestions for the two civilizations. Since the third session of the fifth provincial CPPCC committee, the CPPCC members have put forward 429 motions, about a 100 percent increase over that of the previous year. These motions have dealt with a wide range of fields in terms of their content and some of them with higher quality have been adopted by relevant departments. This helped solve the problems in the economic, scientific and technological, cultural, educational, public health, and sports fields; and some practical problems concerning the interests of the masses.

2. The spiritual civilization was promoted thanks to carrying out conscientious study and strengthening propaganda.

Over the past 1 year, the CPPCC committee not only organized members to deeply study the basic theory of Marxism and the policies and principles of the party and that state; but also organized various forms of activities such as sponsoring standing committee meetings and report meetings on special subjects to relay and implement the guidelines of the national conference of party delegates and the meeting of cadres of central organs, and attached prominent importance to disseminating the experiences of advanced models of CPPCC members and personages of all circles in serving the four modernizations.

Through widely conducting study, propaganda, and education, the CPPCC members and the personages of all circles were further aroused with patriotism and enthusiasm for conducting the four modernizations. Thus, the socialist spiritual civilization has been facilitated.

3. The CPPCC members and personages of all circles were further aroused with enthusiasm thanks to unswervingly grasping the implementation of the policies.

We have scored notable achievements in implementing the policies toward the CPPCC members thanks to the efforts made in the past few years. Over the past 1 year, enthusiastically working in cooperation with the departments concerned under the leadership of the provincial CPC committee, we have made new progress in implementing the policies toward the CPPCC members. The problems existing in the provincial CPPCC committee have been solved one after another. So far, the problems concerning the CPPCC members of our province left over by the previous policies have been solved. With regard to the implementation of the policies toward the provincial CPPCC members, we focused on grasping the work of returning to the owners the private houses and the property illegally occupied and confiscated during the "Great Cultural Revolution" period. With the concerted efforts of the departments concerned, the provincial CPPCC committee also solved a number of problems with greater difficulties. So far, 94 percent of the problem concerning the CPPCC members at the city and county levels have been solved. Through grasping the work of implementing the policies, the CPPCC members and personages of all circles were further aroused with enthusiasm for loving the country and serving the four modernizations.

4. We enthusiastically carried out the work toward compatriots in Taiwan and Hong Kong and Overseas Chinese and made new contributions to the great cause of reunifying the motherland.

The reunification of the motherland has been a great cause of the Chinese nation for a thousand years as well as a new task of the united front work departments under the new situation. The provincial CPPCC committee concentrated on the following few tasks for reunifying the motherland. First, we readjusted and strengthened the liaison organs in charge of the reunification of the motherland. Second, some provincial CPPCC members and personages of relevant departments in Jinan were invited to participate in a tea party on the Mid-Autumn Festival of last year to talk about the current situation and the issue concerning the reunification of the motherland and to express their profound thought of their relatives in Taiwan. Thus, they enhanced their enthusiasm for doing their part for the realization of the peaceful reunification of the motherland. Third, in cooperation with relevant departments, the provincial CPPCC committee enthusiastically carried out the work toward the compatriots in Taiwan and Hong Kong and Overseas Chinese and their relatives in the mainland; and extensively disseminated the CPC Central Committee's scientific idea of "one country, two systems" and a series of policies and principles on the exchange of mail, trade, and air and shipping services between the mainland and Taiwan to realize the reunification of the motherland. Thus, the compatriots in Taiwan and Hong Kong and Overseas Chinese further enhanced their enthusiasm for loving the country and serving the four modernizations.

5. We further strengthened the construction of the CPPCC organizations and the contacts with the city and county CPPCC organizations.

In the past 1 year, the organs under the provincial CPPCC committee further enhanced the ideological and political work, attached importance to the consolidation of the organizational and professional work, readjusted the organizational structure, and replenished their personnel. Through grasping education for in-service cadres and the construction of television colleges, the political understanding and the professional ability of the office workers have been upgraded.

In order to further facilitate the development of grassroots CPPCC work, the provincial CPPCC committee strengthened the contacts with the city and county CPPCC organizations. Responsible comrades of the provincial CPPCC committee extensively conducted investigation and studies on the issue concerning better serving the two civilizations among more than 30 county (city and district) CPPCC organizations of 12 prefectures and cities, including Qingdao, Yantai, Weifang, Jining, Zaozhuang, Taian, Zibo, Liaocheng, Dezhou, Huimin, Dongying, and Linyi. In the course of investigation and studies, these responsible comrades worked in cooperation with relevant departments to study ways for solving the practical problems existing in these areas such as the organizational establishment, personnel installment and wages and treatment. Some of these problems have been solved while others are being solved. Simultaneously, in line with the work demands, we also sponsored study work conferences, motions work conferences, and work conferences on the historical accounts of past events to understand the current situation, to exchange experiences, and to build closer relations between various CPPCC organizations. This had offered favorable conditions for carrying out the grassroots CPPCC work.

Guo Yicheng said: We have done a lot of work and have scored better achievements in our work since the third session of the fifth provincial CPPCC committee. These achievements resulted from our conscientious implementation of the party's policies and principles under the correct leadership of the provincial CPC committee as well as the concerted efforts of all CPPCC members, personages of all circles, and office workers. However, our united front work and CPPCC work still failed to meet the demands set forth by the party in the new situation. Our way of thinking did not suit the demands of the development of the situation and our workstyle was not thorough enough. We failed to conduct sufficient investigation and studies on the new conditions and new problems cropping up under the new situation. From now on, we must carry forward our achievements, eliminate our shortcomings, and work industriously and in the spirit of doing pioneering work in order to make great contributions to making the motherland flourish and realizing the reunification of the motherland. From now on, we must grasp the following few tasks.

1. We should further implement the guidelines of the National Conference of Party Delegates and the seventh plenary session of the fourth provincial CPC committee, and continue to achieve political consultation and democratic supervision with a focus on developing the socialist material and spiritual civilizations. The Seventh 5-Year Plan on our country's national economic and social development adopted at the Fourth Session of the Sixth NPC has

provided the CPPCC work with new content and wider prospects. In line with the regulations set forth in the Constitution of the CPPCC, we should hold as scheduled the plenary sessions, the standing committee meetings, and meetings of chairmen and vice chairmen; and help the provincial CPC committee hold the bimonthly forums of nonparty personages to extensively discuss the major issues as the strategic study of the province's economic development, the formulation and implementation of the Seventh 5-Year Plan, and reform. The CPPCC members should initiatively put forward suggestions and opinions in order to better serve the work of carrying out reform and opening to the outside world and to make the economy flourish. The provincial CPPCC committee should also give assistance to and work together with the provincial CPC committee and government to thoroughly carry out the education on ideals, morality, discipline, and legality, and to strengthen the construction of legal system in order to realize a fundamental turn for the better in party style and social conduct as soon as possible and to better handle Shandong's affairs.

2. We should bring into full play the CPPCC's role as an overall bank of talented persons, and successfully carry out various forms of service activities. In line with the demands for the CPPCC set forth by the party and the state in the new situation and closely focusing on the four modernizations, we should conscientiously organize the CPPCC members to conduct inspection and studies, investigation on special subjects, and service activities. The CPPCC organizations at all levels; in particular, the CPPCC organizations in the coastal open cities, should have their feet firmly planted at home and keep in view the compatriots in Taiwan and Hong Kong and Overseas Chinese to continue to pioneer new work fields. In line with the demands of reunifying the motherland the rejuvenating China, and proceeding from expanding the relations between the people inside and outside the country, we should extensively launch friendly activities. The provincial CPPCC committee should enthusiastically help the provincial CPC committee and government achieve the work of bringing in capital, technology, equipment, and talented persons from abroad; engage in the work of mediating the contradictions cropping up at the talks on bringing in foreign items; open up and develop channels for creating foreign exchange through export; reflect the suggestions and demands set forth by the personages living abroad; and understand the situation of the management and development of the Chinese-foreign joint ventures and cooperative enterprises. Simultaneously, the provincial CPPCC committee should train talented persons in service of reform and opening to the outside world, and make suggestions and offer information in these regards.

3. We should conscientiously organize CPPCC members to engage in study and vigorously strengthen the propaganda and education on the united front work and the CPPCC work. We should fully understand the importance and necessity of the strengthening of study in the new situation so that the CPPCC members will be able to make efforts to study Marxism and Leninism, current policies, and scientific and educational knowledge. So far, we should organize CPPCC members to study the documents of the Fourth Session of the Sixth NPC and the Fourth Session of the Sixth National CPPCC Committee in order to ceaselessly upgrade their ideological awareness and understanding of the policies. We should deeply strengthen the propaganda and education on the principles



and policies on the united front work, and make the most of such propaganda means as the press and radio and television broadcasting to vigorously disseminate the typical advanced experiences of the CPPCC members on all fronts and the personages of all circles. Through disseminating the theory of the united front work and bringing into play the role of the CPPCC members, the vast number of cadres, in particular, leading cadres at all levels will be able to upgrade their understanding of the essence, position, and functions of the united front work and the CPPCC work in the new situation.

4. We should further implement the policies toward the CPPCC members. Although we have made great achievements in this regard, there are still many problems. In particular, the problems left over by the previous policies were very complicated and the tasks for solving these problems are quite arduous. Thus, we must conscientiously sum up experiences and adopt effective steps and measures for solving these problems in a down-to-earth manner under the leadership of the provincial CPC committee and with the assistance of relevant departments in an effort to accomplish this work within this year.

5. We should continue to carry out the work of promoting the reunification of the motherland. We should extensively disseminate the central authorities' scientific idea of "one country, two systems" and a series of principles and policies; and initiatively introduce the new achievements in the construction of the motherland. We should strengthen the work of writing the propaganda manuscripts so as to further improve the quality of propaganda work and increase the quantity of the manuscripts. We should adopt various forms to strengthen our contacts with the compatriots in Taiwan and Hong Kong and Overseas Chinese, enthusiastically do a good job in receiving them, and grasp the work toward their relatives and friends living on the mainland. Through expanding the exchanges of trade, mail, and air and shipping services between the mainland and Taiwan, and widely making friends with the compatriots in Taiwan and Hong Kong and Overseas Chinese, we will be able to improve the mutual understanding and the friendship between the people in the mainland and Taiwan, and to enhance the people's enthusiasm for loving the country. We should enhance the relations and cooperation with all democratic parties, nonparty personages, the federations of industry and commerce, federations of Taiwan compatriots, and the city and county CPPCC organizations; and give publicity to the outside places in order to wind up the situation of separating Taiwan from the mainland and to realize the great cause of reunifying the motherland as soon as possible.

6. We should further achieve the work of handling motions and handling visitors and incoming letters from the masses. This year, we should strive to upgrade the quality of handling motions focusing on the central work of the country and the province; in particular, the Seventh 5-Year Plan, the system reform, and the realization of a fundamental turn for the better in party style and social conduct. The motions work committee should consciously study and handle the motions put forth by the members and sponsor forums, reception meetings, and coordination meetings on promoting the implementation of the motions so as to ensure that the motions will be handled one after another.

7. We should strengthen the self-construction of the organs under the provincial CPPCC committee and give guidance to the work of the city and county CPPC organizations.

Guo Yicheng concluded: On the basis of comprehensively fulfilling or over-fulfilling the Sixth 5-Year Plan, our country has started the implementation of the Seventh 5-Year Plan. In the new year, we should conscientiously implement, under the correct leadership of the provincial CPC committee, the series of principles and policies of the CPC Central Committee, and make efforts to achieve the work in all fields in the spirit of working persistently and dauntlessly and advancing despite difficulties in order to make new contributions to the realization of the Seventh 5-Year Plan, the reform of the economic structure, and the realization of a fundamental turn for the better in party style and social conduct.

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PROVINCIAL AFFAIRS

TIANJIN CPPCC STANDING COMMITTEE ISSUES WORK REPORT

SK010452 Tianjin TIANJIN RIBAO in Chinese 12 May 86 p 3

[Report by Zhao Jinsheng on the work of the Seventh Tianjin Municipal CPPCC Standing Committee, presented at the fifth session of the seventh municipal CPPCC committee on 19 April]

[Excerpts] Fellow members:

It has been 1 year since the third session of the seventh municipal CPPCC committee, which was held in April 1985, and which was followed by the fourth session in October 1985. Entrusted by the municipal CPPCC standing committee, I would like to deliver a report for consideration with regard to the work done in the past year.

In 1985 our country took a bold step in the drive to conduct reforms in economic systems with the work emphasis on urban reforms and won a new victory along the road of building socialism reflecting Chinese characteristics. Our municipality also created an excellent situation in transformation and scored heartening achievements in it. Under the leadership of the municipal CPC committee, our municipality also achieved new development in the work of the CPPCC committee.

During the past year, the municipal CPPCC committee has conducted new exploration in pushing forward the drive to build socialist material and spiritual civilizations and promoting the peaceful reunification of the motherland by bringing into play the strong point of the CPPCC committee, the comprehensive tank, and has achieved new development in this regard. Major tasks fulfilled by us are as follows:

1. Efforts have been made to achieve new development in the work of carrying out political consultation and democratic supervision.

After the beginning of the drive to conduct reforms in economic systems with the work emphasis on urban reforms, the party and the government attach all the more importance to bringing into play the basic CPPCC role in conducting "political consultation and democratic supervision." Responsible comrades



from the municipal CPC committee attended, on many occasions, the meetings and activities sponsored by the municipal CPPCC committee.

After the convocation of the 4th Plenary Session of the 12th CPC Central Committee, the National Conference of Party Delegates, and the 5th Plenary Session of the 21st CPC Central Committee in September 1985, the municipal CPPCC committee held an enlarged standing committee session to concentrate on studying the important documents adopted at these sessions and conference and the report given by Li Peng, Political Bureau member of the CPC Central Committee, member of the CPC Central Committee Secretariat, and vice premier, at the 10th National CPPCC Standing Committee meeting with regard to the proposals for formulating the Seventh 5-Year Plan and the issue on further readjusting the staff of the central leading organs by the CPC Central Committee. The enlarged session also adopted a resolution on studying and implementing the spirit of the National Conference of Party Delegates.

Before the enlarged session, we organized more than 470 municipal CPPCC members and national CPPCC members who were in Tianjin into five groups to make an observation tour among the 10 areas and units, including the economic development zone, the Tianjin constrainer wharf, and the international market. They also held on-the-spot forums with the units.

After issuing the plan for conducting reforms in commodity prices, the municipal pricing bureau issued certificates of price inspection to 137 municipal CPPCC members in line with the proposal raised by the CPPCC members' motions. Many members displayed their high sense of responsibility by carrying out price inspection with their certificates among their neighboring markets.

Since the third session of the seventh municipal CPPCC committee, the municipal committee has received 749 motions submitted by the members. As of 2 April, all motions were dealt with and answers were given to the members. In order to encourage members to submit their motions, the municipal committee established a permanent organ in the motions examination committee and worked out systems for the work.

In 1985 the municipal CPPCC committee continuously grasped the work of implementing the policies and helping the party and government deal with the left-over problems, and solved the "long-standing" problems, such as dealing with housing problems for several members, paying them retroactively, and compensating for property damage caused them as a result of the "Cultural Revolution."

2. Efforts have been made to open new spheres in rendering services to economic construction and the drive to conduct reforms.

The decision adopted at the 3d Plenary Session of the 12th CPC Central Committee with regard to conducting reforms in economic systems has set forth the outline and blueprint of building socialism reflecting Chinese characteristics. Successfully conducting reforms in economic systems to make progress in building the four modernizations represents a road of making China prosperous and a hope harbored by the country and the Chinese nationality as a whole.

Bringing into play the strong point of the CPPCC committee, the comprehensive think tank, in order to render services to economic construction and the drive to conduct reforms in various fields represents a glorious task and a new subject faced by the CPPCC committee in the new historic period. During the past year, the municipal committee has actively conducted exploration and practice in this regard.

In bringing into play the overall function and role of the CPPCC committee, the comprehensive think tank, the municipal committee concentrated on helping a county do a good job in building the two civilizations and studied and summed up the experience gained in this regard in order to expand the service scope. This has been a task fixed by the municipal CPPCC committee after conducting repeated deliberations, consultations, and profound discussions during the past year.

Along with the penetrating drive to conduct reforms in urban economic systems and to enforce the policy of opening to the outside, a new task faced by us with regard to having the united front work department and the CPPCC committee render service to the building of townships and towns has come up.

The municipal CPPCC committee has organized its members to carry out investigation on special problems, to hold discussions on special topics, and to render advisory service in line with the problems cropping up in the programs of construction and transformation, problems that should be dealt with urgently. This has become a basic style of our service in economic construction. During the past year, 14 work teams organized by the municipal CPPCC committee have carried out investigation and studies on special problems cropping up in 5 fields and held 12 forums on special topics, such as the issue of developing township and town-run enterprises, the issue of upgrading the quality of printing and dyeing cotton textile products, the issue of conducting reforms in educational and scientific and technical systems, and the issue of dealing with the problems of concern to the masses.

Tianjin is an open city. Making use of the favorable conditions created by the CPPCC members through extensive social contacts and overseas relationships in order to serve the municipal programs of enforcing the open policy and conducting technical imports has constituted an important task of the CPPCC committee in service of economic construction. Through the work conducted by the members in liaison and making of recommendations during the past year, the municipal departments concerned have held talks with businessmen from foreign countries and Hong Kong with regard to 39 joint-venture business and technical cooperation projects. Of these talks, a deal on one item has been concluded, agreements with regard to six items have been signed, and other items are still being discussed.

3. Efforts have been made to conduct new exploration in promoting the progress in building spiritual civilization.

While opening new spheres in serving the programs of economic construction and conducting reforms in various fields during the past year, the municipal

CPPCC committee has also tried to work out a new road of making progress in building socialist spiritual civilization. In cultural and education aspects, the education group under the municipal CPPCC committee has carried out lecture activities and the literary and art group has held discussions on special topics. Both of them have put forward positive suggestions to the departments concerned. In conducting ideological construction, efforts have been made to chiefly conduct study on the policies and current situation and to publicize the advanced deeds and ideology displayed by the members.

At the end of 1985, the municipal CPPCC committee held an experience-exchange meeting and concentrated on publicizing the advanced ideology and touching deeds scored by more than 20 of the National CPPCC Committee members in Tianjin, the municipal CPPCC members, and the district and county CPPCC members with regard to making marked contributions to fostering the practice of having ideals and abiding by discipline, which found a warm echo in the hearts of personages of various social circles.

The work concerning literature and history and translation and editing constitutes an important task of the CPPCC committee in serving the program of building the two civilizations. During the past year, the municipal CPPCC committee has achieved new development in the work on historical accounts and past events. In addition to collecting historical materials, editing and publishing the "selected works" of municipal historical accounts and past events, the reorganizing and publishing the historical materials on special topics, the municipal CPPCC committee has also opened a service center for literary and historical books and periodicals and new publishing channels in order to better serve the personages of various social circles and to make things convenient for readers.

4. Efforts have been made to make progress in the cause of peaceful reunification of the motherland.

A series of correct principles issued by the CPC Central Committee with regard to dealing with the Taiwan issue, particularly the ideal of "one country with two systems," and the smooth settlement of the Hong Kong issue have exerted tremendous influence on Taiwan and the Overseas Chinese. Thus, the United Front Work Department has created an unprecedented excellent situation in work. To meet the need of the new situation and to make progress in the cause of peaceful reunification of the motherland, the motherland reunification fellowship committee under the municipal CPPCC committee has fulfilled the following four tasks: 1) Efforts have been made to enhance friendly contacts with Taiwanese compatriots, family members of personnel in Taiwan, and personages concerned; to invite them to attend the study and report meetings and the activities sponsored by the municipal CPPCC committee; and to organize them to view the new achievements scored in construction by the municipal administrative authorities. 2) Efforts have been made to enthusiastically receive letters and visits intended for the purpose of presenting petitions, to help such personnel deal with problems cropping up in their livelihood and in the implementation of policies, and to assist them to find their overseas relatives and to establish contact, through messages, with their overseas relatives. 3) Efforts have been made to present showings of Taiwanese

documentary films, and to hold small-scale forums and report meetings on the Taiwanese situation in order to help them learn about the history of Taiwan and its current situation. 4) Efforts have been made to basically carry out the united front work abroad.

5. Efforts have been made to enhance guidance and contact with the CPPCC committees at the district-county level.

Developing the work of the united front and the CPPCC committee in rural areas represents the new characteristics in this regard in the new historic period. To follow the provisions of the CPPCC regulations and rules and to meet the need of developing the CPPCC work, the municipal CPPCC committee has further strengthened contacts with the CPPCC committees at the district-county level during the past year.

Fellow members, the year 1986 is the first year in which our country will begin to fulfill the Seventh 5-Year Plan; to implement the principle of "consolidation, digestion, supplementation, and improvement"; and to push forward in a down-to-earth manner the drive to conduct reforms in economic systems. In 1986 our mission is to continuously serve the three major tasks with the central work of building socialist modernization. Our work emphasis will be placed on helping the party and government do a good job in conducting reforms in economic systems and building socialist spiritual civilization while successfully conducting economic construction. In our work, we will vigorously encourage staff members to display the spirit of boldly pioneering roads and creating something new, stressing practical effects, and enthusiastically serving the members and personages of various social circles in order to scale new heights in CPPCC work under the new circumstances.

Our major tasks in 1986 are as follows:

1. Efforts should be made to closely coordinate the party's central task and to enrich the content of political consultation and democratic supervision in order to upgrade the quality of consultation and discussion.
2. Efforts should be made to bring into full play the strong point of the CPPCC committee, the think tank, and to vigorously make proposals in line with the programs of reforms and construction in order to be good advisers to and assistants of the party and government organs.
3. Efforts should be made to open new spheres in making progress in building socialist spiritual civilization. We should do much work in pushing forward the work of ideological construction while continuously pushing forward the work of culture and education.
4. Efforts should be made to earnestly organize members and the personages of various circles to attend study activities. Actively carrying out study activities on the current politics, situation, and policies, as well as Marxist theory, will constitute the important content of study activities this year.

5. Efforts should be made to enhance propaganda work and contacts with Taiwan.
6. Continuous efforts should be made to vigorously grasp the work of implementing policies.
7. The organs under the municipal CPPCC committee should improve their work style and upgrade their work efficiency.

Fellow members, under the leadership of the municipal CPC committee, let us display the spirit of the foolish old man removing the mountain, unite as one in struggles, work together with the people throughout the municipality in doing a good job in conducting reforms in economic systems and in building socialist spiritual civilization, and make still greater contributions to fulfilling the Seventh 5-Year Plan and building Tianjin into a new socialist city.

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CSO: 4006/1071

PROVINCIAL AFFAIRS

JIANGSU GOVERNOR ADDRESSES MOBILIZATION MEETING

OW250336 Nanjing Jiangsu Provincial Service in Mandarin 1000 GMT 20 May 86

[Excerpts] The provincial government called a mobilization meeting in Nanjing today to speed up the construction of key projects and call on all quarters in Jiangsu to support key state projects more vigorously and to ensure their completion with short construction periods, good quality, low cost, and high efficiency, thereby facilitating economic advances for China and Jiangsu.

During the seventh 5-year plan, Jiangsu faces an arduous task in key construction projects. The budget for 13 projects this year totals 2.5 billion yuan.

Although the construction pace in Jiangsu has been faster than the national average in the first few months of this year, it is necessary to assess the difficulties the province faces in completing the arduous task soberly. For this purpose, Governor Gu Xiulian and Vice Governor Zhang Xuwu set the following four demands on the people of Jiangsu:

First, it is necessary to continue firmly adhering to the principle of controlling the scale to secure key projects, and paying close attention to strictly controlling the scale of investment in fixed assets in economic work.

Second, it is necessary to implement the guidelines for reform, perfect various reform measures, and steadfastly deepen the reform in line with the requirements for consolidation, assimilation, replenishment, and improvement in order to ensure the completion of key state projects with short construction period, good quality, low cost, and high efficiency.

Third, it is necessary to improve the construction market, replenish construction forces, and raise construction management level.

Fourth, it is necessary to further straighten out relationships, clarify responsibilities, improve workstyle, and overcome bureaucracy and unhealthy tendencies in mobilizing all quarters in the province to support key construction projects.

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CSO: 4006/1071



24 June 1986

## PROVINCIAL AFFAIRS

## DOJE CERING REPORTS ON XIZANG'S SEVENTH 5-YEAR PLAN

HK240257 Lhasa Xizang Regional Service in Mandarin 1130 GMT 23 May 86

[Excerpts] Regional Acting Government Chairman Doje Cering said in part three of his report on the region's seventh 5-year plan: The task of attaining the seventh 5-year plan is very arduous, and it is essential to adopt correct policies and effective measures:

1. We must continually straighten out the guiding idea on economic work. In order to do this, we must concentrate on solving two problems well: 1) We must continue to clear away leftist influence and seriously organize the cadres, especially those engaged in economic work, to study the central instructions on economic work in Xizang. 2) We must solve the problem of seeking truth from facts and basing all work on Xizang reality. This is of great practical significance for fulfilling the seventh 5-year plan and stimulating economic development and all undertakings in Xizang.

To do this, we must on the one hand seriously sum up the experiences and lessons and be bold to break down old concepts and conventions that do not suit Xizang realities, do not help to mobilize the masses' enthusiasm, and hamper the development of Xizang's productive forces. On the other hand, we must do our work creatively in light of the special conditions of Xizang and the changes continually taking place here.

2. We must carry out deepgoing and systematic reform of the economic structure. During the period of the plan, on the basis of consolidating, digesting, replenishing, and improving the existing fruits of reform in 1986, we must put forward a number of new reform policies and measures in a planned and prepared way. We should strive to lay in 5 years a foundation for a vigorous and lively socialist economic structure suited to Xizang's realities.

Economic structural reform during the seventh 5-year plan can be summarized into the following four main aspects: 1) Get a good grasp of invigorating the enterprises--the cardinal link--and truly turn them into relatively independent economic entities and socialist commodity producers and operators responsible for their own operations, profit, and loss. 2) Further enliven commodity circulation, and establish and develop a commodity market setup. We must regard reform of the circulation field as a major aspect

of economic structural reform in the rural and pastoral areas. 3) Strengthen and improve the scope, degree, and measures of macroeconomic control and micro-economic invigoration. These must be compatible with the capacity of macroeconomic control. During the seventh 5-year plan, under the premise of striving to make regulation by market mechanism the dominant factor, we must give full play to the guiding role of the state plans and gradually perfect the various economic and legal measures. We must strengthen control over investment in fixed assets and readjust the investment orientation and structure. We must further reform the prices and taxes setup and the management setup. Through active readjustment of prices, we should gradually improve our ability to control the macroeconomy indirectly. 4) Strengthen lateral economic ties.

3. We must persevere in opening up to the world. We must first step up economic, technical, and cultural exchanges with provinces and regions relatively close to us, and then proceed to strengthen ties and cooperation with other provinces, municipalities, and regions. We must continue to open up to foreign countries. We welcome financiers, businessmen, Tibetan compatriots living abroad, Hong Kong and Macao compatriots, and overseas Chinese living abroad to cooperate with Xizang in economics, technology, and capital and to engage in various developmental activities. We will provide them with the necessary protection, conveniences, and preferential treatment.

4. We must develop more sources of increasing financial revenue. We should do everything possible to tap new sources of revenue, get a good grasp of reducing deficits and increasing surpluses, and improve tax collection work. We must strictly control administrative expenditures and the purchasing power of social groups, strengthen fiscal supervision, and strictly enforce fiscal discipline.

5. We must control the scale of capital construction and improve management. During the seventh 5-year plan, we must regard controlling the scale of capital construction investment, especially investment in non-productive construction, and readjust the investment orientation and structure as an extremely important question and solve it really well. In capital construction management, we must perfect the basic work involved in investment management and strive to save investment, reduce construction cycles, and improve economic results.

6. We must persevere in grasping the two civilizations simultaneously. We must attach great importance to developing the Tibetan cultural heritage and also pay attention to absorbing the outstanding culture of other nationalities. It is essential to strengthen and improve ideological and political work, correct unhealthy tendencies, eliminate rottenness, and crack down hard on serious economic and other crime.

7. We must do a good job in structural reform and improve work style.

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CSO: 4006/1071



## PROVINCIAL AFFAIRS

### YUNNAN'S HE ZHIQIANG ON EDUCATION, DISASTER MEASURES, CONTROLS

HK020147 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 1 May 86

[Excerpts] He Zhiqiang spoke on this year's science, technology, and education work in his government work report. He said: While continuing to carry out reforms in the science and technology setup, we should prepare for the following tasks: 1) This year we should achieve initial results in scientific research projects concerning breeding aquatic products on the plateau, cultivating tropical fruit, processing animal products, and developing expensive medicinal herbs. 2) We should grasp 23 key projects including the assessment of fine-strain grain seed and the exploitation of natural spice resources. These projects are centered on important issues in the province's economic construction. 3) In popularizing and applying technology, we should encourage able hands and path-breakers from the interior to go to the border areas to disseminate the technology needed there. We should send science and technology personnel to therural areas, border regions, and poor areas to popularize technology. 4) We should organize more science and technology markets in a number of prefectures and counties, so as to stimulate the popularization of the existing fruits of research.

On education work, the report proposed that the province should concentrate on eight tasks this year: 1) Firm up and make good use of education funds. 2) The province and the prefectures and counties should be responsible for training over 20 percent of their primary and secondary schoolteachers. 3) Prepare for the establishment of vocational and technical education centers in various places. 4) Organize courses in mining and metallurgy for Nujiang and Wenshan prefectures. 4) Publicize the law on compulsory education. 6) Tertiary institutes should add such specializations as cured tobacco, tourism, and arts and crafts design and manufacture. 7) Step up and improve ideological and political work in the schools and further correct the ideas on running schools. 8) Organize a provincial education commission to grasp the educational development of the whole of society in a unified way.

Governor He Zhiqiang said in his report: "There have been many natural disasters this year, which have had a serious impact. To make proper arrangements for the livelihood of the urban and rural people is an extremely important task for the government at all levels.

The CPC Central Committee and State Council are extremely concerned for the people in disaster areas of Yunnan. They have sent us relief grain, funds, and materials. The provincial CPC committee and government have taken corresponding measures. In the next stage, we must devote great efforts to grasping agricultural production and stabilizing grain prices. We must also send industrial goods to the rural areas and organize supplies of daily necessities.

We must do a good job in macroeconomic control this year. First, we must control the size of investment in fixed assets. Second, we must effectively control irrational growth of consumption funds. We must further strengthen control over workers' wage funds and administrative spending. It is strictly forbidden to pay out random bonuses, subsidies, and so on.

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CSO: 4006/1071

PROVINCIAL AFFAIRS

QINGHAI PROMULGATES REGULATIONS ON GOLD MINING

HK270705 Xining Qinghai Provincial Service in Mandarin 2230 GMT 23 May 86

[Text] On 28 April, the provincial government printed and distributed the province's interim regulations on managing local gold mining and purchase. The regulations urge that based on the principles of opening up, invigoration and improving management, all localities should plan in a centralized way, make overall arrangements for, utilize in a comprehensive way, and rationally develop the province's gold resources.

The interim regulations point out: Gold and other mineral resources are owned by the state. Nobody or no unit is allowed to randomly mine the resources without permission. No collective or individual is allowed to mine in areas which will be developed according to state plans and are under exploration. In case the town and township collective enterprises, as well as individuals, run mines in joint ventures, they must submit themselves for examination to the people's government at and above the county level. Before the provincial people's congress standing congress promulgates the management procedures, they must report to the gold management bureau of the provincial heavy industry department for approval, and should get a permit for mining gold. Then, they should apply for a business license at the industrial and commercial administrative department. Any individual who engages in gold mining should register himself at the county government, which will handle the work in a centralized way, and should apply for a gold mining permit at the county department in charge of gold mining. At the same time, he should sign a gold purchase agreement. Without approval, all localities should not accept the application of those who come from places other than the province to mine gold, run mines or to mine through joint ventures.

The interim regulations stipulates: The province adopts the practice of purchasing the gold in an all-round way. The provincial heavy industry department's gold management bureau will, according to the number of local gold miners, work out an annual mandatory plan for the work, which will be included in the province's national economic plan and will be assigned down to the gold management departments at all levels. From now on, the People's Bank and its branches or other specialized banks entrusted by the People's Bank, are responsible for gold purchases. Any unit or individual who is not entrusted by the bank is prohibited from purchasing gold without permission. Otherwise, he will be assumed to be smuggling and trafficking gold and will be punished for this.

The interim regulations urge all organizations and individuals who engage in gold mining to deliver all their gold and minerals mined to the banks. They are prohibited from privately selling, purchasing, taking for use, exchanging and hiding them. All localities should supply on a priority basis those commodities that are in short supply to peasants who fulfill or overfulfill the annual quota of offering gold for purchase. The provincial government will give awards to those counties that fulfill or overfulfill the annual quota of gold purchase. In addition, the provincial government will, in connection with the amount of gold purchase, allocate to the counties an amount of retained gold for foreign exchange.

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CSO: 4006/1071

PROVINCIAL AFFAIRS

BRIEFS

HUNAN PEOPLE'S CONGRESS SESSION--The fourth session of the Sixth Hunan Provincial People's Congress victoriously concluded in Changsha on 31 May. The session called on the workers, peasants, intellectuals, cadres, PLA commanders and fighters, public security cadres and policemen, democratic parties, mass organizations, non-party democratic figures, and all laborers and patriots who love the socialist motherland to unite as one under the leadership of the CPC Central Committee, State Council, provincial CPC committee, and provincial people's government, display the foolish old man's spirit of creation through arduous work, and strive together to victoriously accomplish the seventh 5-year plan. The closing ceremony was attended by Mao Zhiyong, Xiong Qingquan, Wang Zhiguo, Zhao Chuqi, Shi Xinshan, Cao Wenju, Chen Xinling, Zhou Zheng, Xu Jinhua, (Pei Xiaoquan), (Shi Hongxin), (Liu Guoan), and Gu Shanqing. Executive Chairman Jiao Linyi presided. The session unanimously adopted resolutions on the government work report and the province's seventh 5-year plan for national economic and social development. [Excerpts] [Changsha Hunan Provincial Service in Mandarin 2200 GMT 31 May 86 HK] /6662

CSO: 4006/1071

## ECONOMIC PLANNING

### HUNAN PLANNING CHIEF REPORTS ON 1986 ECONOMIC PLANS

HK260225 Changsha Hunan Provincial Service in Mandarin 0900 GMT 25 May 86

[Excerpts] (Wang Xiaofeng), director of the provincial planning commission, said in his report to the provincial people's congress session on the draft national economic and social development plan for 1986 that this year, in the aspect of reforms, the province should concentrate on consolidation, digestion, replenishment, and improvement, in preparation for taking new strides in reform next year and the year after. In economic construction, the province must continue to control investment in fixed assets and excessive growth of consumption funds. The province will also strive to improve supplies, further invigorate the economy, and work for a rough balance between total social supply and demand, to enable the national economy to develop in a steady and coordinated way.

(Wang Xiaofeng) introduced the main economic targets and specific tasks in the 1986 plan. Industrial and agricultural output value should rise by 7.5 percent over 1985 in terms of 1980 prices. Agricultural output value, not including industry at village-level and below, should rise by 5 percent, and industrial output value, including industry at village-level and below, should rise by 9 percent. Gross domestic product should rise by 8.5 percent over 1985. National income should rise by 7.6 percent. Financial revenue should rise by 4.6 percent.

(Wang Xiaofeng) also proposed the main measures for fulfilling the 1986 tasks:

- 1) Readjust the rural production structure in a planned way, ensure steady increase in grain output, and promote diversification.
- 2) Improve product quality, reduce input, and ensure an appropriate industrial growth under the premise of improving economic results.
- 3) Strictly control investment in fixed assets, readjust the investment pattern, and step up construction in energy, communications, raw materials in short supply, agriculture, science, and education.
- 4) Expand foreign exchange earnings from exports and develop foreign economic relations and trade.
- 5) Expand commodity circulation and arrange market supplies well to meet the needs of improving people's living standards.
- 6) Further develop education, science, culture, public health, and physical culture, and vigorously step up the building of socialist spiritual civilization.
- 7) Step up the work of opening up the mountain areas; and help old revolutionary bases, minority-nationality areas, and remote and poor areas to eradicate poverty and get rich, so as to promote coordinated

development of the entire provincial economy. 8) Continue to carry out reforms in the planning setup and strengthen and improve macroeconomic control.

(Wang Xiaofeng) discussed a number of tasks to be tackled this year in reforming the planning setup:

1. Strictly follow the state mandatory plans and gradually improve the management of guidance plans. We should suitably reduce mandatory planning and uphold the principle that whoever issues mandatory plans is responsible for the balancing and coordination of the main production conditions involved.
2. Strengthen control over investment in fixed assets. Thorough assessment must be made of new projects, especially large and medium projects. An evaluation system must be established. Policymaking must be prudent, and strict controls must be exercised. It is particularly important to control the construction of high-standard centers, large buildings, hotels, and office blocks.
3. Continue to strengthen controls over consumption funds and foreign exchange. The control indices governing the number of workers, the total wage bill, and the use of foreign exchange in units owned by the whole people, and those regarding foreign borrowing [words indistinct] arbitrarily exceeded.
4. Improve preparatory work for the plans, along with economic information and forecasting work. In the future the planning commissions must organize the departments and units concerned to repeatedly study, assess, and compare [word indistinct] macroeconomic policy decisions, major productive forces arrangements, and major projects involving investment in fixed assets. Such items can only be included in the plans after the provincial government has decided on them. In the future, without going through these procedures, it is forbidden to put forward temporary motions that would upset the balance of the plans.
5. Actively promote and encourage the development of lateral economic ties.

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CSO: 4006/1071



## ECONOMIC PLANNING

### GUANGZHOU DEVELOPMENT STRATEGY DISCUSSED

Beijing JINGJIXUE ZHOUBAO [ECONOMICS WEEKLY] in Chinese 5 Jan 86 p 2

[Article by Lin Qixiang [2651 0796 4382]]

[Text] The overall guiding principle for economic and social development in Guangzhou for this century is: With foreign trade as guide, industry and agriculture as support, and light industry, textiles, and tertiary industry as focal core, to construct Guangzhou into a highly civilized, multifunctional, modern socialist central city with strong domestic and international ties. Not long ago at a press conference held in Beijing, responsible comrades from the municipal CPC committee and government answered the following questions:

1. The Question of Direction: Are there differences of opinion regarding the determination of direction? Yes. Some comrades feel that the proportion of the national economy held by foreign trade was not great, only a bit more than 10 percent of the GVIAO. Guangzhou is a center for the accumulation and distribution of national commodities with an estimated 8 billion yuan in total retail commodity sales this year making it second only to Shanghai and Beijing. Therefore, it should be a commercial city and not neglect domestic trade. Does this mean that domestic trade should be central for Guangzhou? Indeed, the current position of domestic trade is vital. Guangzhou products have a good reputation in national markets and sell very well. However, Guangzhou is the great southern gate of the motherland, is adjacent geographically to Hong Kong and Macao, relies on the rich Zhu Jiang delta and has been China's major international commercial port for some time. At present eight southern and southwestern provinces engage in import and export via Guangzhou. The total trade volume of goods via Guangzhou is approximately 10 percent of the national figure. Therefore the city is in an advantageous position regarding the outside. It is a focal point for importation and internal linkup and is in the forefront of China's efforts to get into international markets. From the viewpoint of developmental strategy, Guangzhou should take the lead and focus on foreign trade and business. This is necessary for both China's economic construction and socialist modernization. Of course, this does not imply that domestic trade can be neglected. To the contrary, we must make full use of the role of domestic trade in Guangzhou's economic and social development. Neither aspect should be excessively stressed or ignored. Guangzhou must not only strengthen internal ties, but must emphasize tertiary industry as well and improve the investment environment and pre- during- and post-production services.

2. The Question of Developing Key Focal Points: When proposing taking industry and agriculture as support and light industry, textiles, and tertiary industry as focal, shall we stress tertiary industry? Since the liberation industrial development has been central in Guangzhou, because at the time, it was believed that Guangzhou was a commercial consumer city and was criticized as a semifeudal, semicolonial urban center. Therefore the role of industry was frequently emphasized. Now in light of the demands of strategic development, Guangzhou's economic life should revolve more around foreign trade, whose special needs heavy reliance on industry cannot meet, considering Guangzhou's special characteristics and strategic position. Of course, industry and agriculture have to be relied upon in attempts to focus on foreign trade, but in order to make full use of the city's role as a national, large-scale central city and to enable it to become a strong supply center, Guangzhou's history, current conditions, and resources of capital must all be considered in building it into a major national base for light industry and textiles. We must follow the directions of foreign economic and foreign trade to do a good job of the city's economic construction. We must change the old tendency of emphasizing production while disregard circulation, or emphasizing economic construction while neglect urban construction. Only by focusing on the development of tertiary industry while emphasizing light industry and textiles can we improve Guangzhou's role as a city, provide high-quality diversified services, and create strong domestic and international ties for the city. Of course, the development of tertiary industry will have an obvious effect on local finances, as industry is a major factor in the industrial structure and the largest revenue support for local finances, providing approximately 60 percent. Tertiary industry often involves the social welfare, requires much input and brings in little income. However, the development of tertiary industry is inevitable and remains a key question. Local revenue may be negatively effected for a period of time, but this is just a temporary problem in the course of development which must be passed. After the industrial structure has been made more rational, development will be smooth.

3. The Question of the Relationship Between Domestic and International Trade: Will focusing on foreign trade lead to competition with domestic trade for supply of goods and adversely effect inland ties and supply to local markets? At present domestic trade in Guangzhou amounts to more than 8 billion yuan while foreign trade volume totals a mere one billion or so yuan, so its influence is not great. Some contradictions do exist in the expansion of exports and the supply of goods, but as long as production improves and popular, salable goods are manufactured, this will not matter too much. The current conflict is due to the fact that big profits can be made selling Guangzhou goods domestically, while foreign exchange conversion rates are not advantageous for exporting. However, we must continue to energetically provide political support and economic encouragement for the export trade. Another contradiction is that few commodities are left after export and the purchasing power of the remaining RMB is increased, which is not helpful in balancing local commodity supply and demand. Still, the present problem is not serious, as the state has increased the amount of foreign exchange that can be retained locally while decreasing the amount of RMB. Locally retained foreign exchange can be used to import raw materials and equipment. Locally manufactured

products not only can be exported, relieving pressures of domestic demand for sources of supply but can lead to increased volume of commodities available on the domestic market. In addition, it also should be noted that by greatly developing horizontal commodity relations, Guangzhou's total volume of local commodity supply and exports can be markedly increased while internal and external contradictions regarding sources of goods can be alleviated. With 26 provinces and cities across the nation having already signed over 900 contracts with Guangzhou, the city has achieved much in the realm of developing horizontal ties.

4. The Question of the Relationship Between the Coast and the Interior: Will the focus on foreign trade and international linkups with the interior increase the differences and contradictions between the coast and the interior? No it will not, because with the guidance of correct principles this relationship can be successfully dealt with, something which has already been demonstrated by the past several years of experience. Mutually beneficial cooperation can be strengthened between the coast and the interior as commodity ties between the two regions are improved. Our primary principle is: to adhere to equality and mutual benefit and rational prices. This is vital. The second principle is one of mutual development and prosperity. The third calls for the strict observance of contracts. Over the last few years we have opened up the city gates to allow agricultural by products and other products from the outside to enter, causing the supply of nonstaple foods and vegetables to Guangzhou to increase twofold in 1978, increasing the revenue of inland provinces, and enabling us to obtain many raw materials from the interior. An example would be the successful, mutually beneficial cooperation between Guangzhou's Huanan Sewing Machine Co. and Henan. In supporting Henan, Guangzhou received a contract guaranteeing the annual provision of 20,000 tons of coke for 30 years. We are not only providing the interior provinces with a large volume of light industry and specialty products, but can also improve economic and technological cooperation and distribute some of Guangzhou's advanced, superior technology into the interior to promote the development of inland commodity production and improve commodity quality. Many of these technological exchanges have been quite successful, have satisfied both parties and have led to even closer relations. In short, there are great prospects in store for ties and cooperation between Guangzhou and the interior.

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CSO: 4006/707

24 June 1986

## ECONOMIC PLANNING

## BRIEFS

JIANGXI DEVELOPMENT MEETING--The Jiangxi Provincial Society for Development of the Sanjianghu Areas held its third enlarged meeting from 6 to 22 May. During the meeting, professors, experts, and scholars from Jiangxi and other provinces conducted scientific surveys and offered on-the-spot guidance in Boyang Hu, the Gan Jiang basin, the Jinggangshan Nature Conservation Area, and the mountainous areas in southern Jiangxi. They also discussed questions related to the outline of the comprehensive plan for the development of the Sanjianghu areas. Provincial party and government leaders Wan Shaofen, Pei=Dean, Zhao Zengyi, (Chen Guizun), and Zhang Fengyu and veteran Fu Yutian attended the meeting. [Excerpts] [Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 23 May 86 OW] /6662

NATIONAL FEASIBILITY STUDY SYMPOSIUM--The second national symposium on feasibility study and economic assessment ended today in Kunming. Close to 100 experts and scholars attended the symposium, giving suggestions of a policy nature concerning the reform of the current system of making policy decisions on investment projects, establishment of a system of responsibility for the whole decisionmaking process, and improvement of analytical techniques to be applied in making such policy decisions. [Text] [Beijing Domestic Service in Mandarin 1100 GMT 19 May 86 OW] /6662

CSO: 4006/1071

ECONOMIC MANAGEMENT

VICE GOVERNOR ASSESSES SICHUAN'S INDUSTRY, COMMUNICATIONS

HK270730 Chengdu SICHUAN RIBAO in Chinese 12 May 85 pp 1, 4

[Report: "Do Everything Possible To Boost Industry and Communications Production"]

[Excerpts] A SICHUAN RIBAO reporter recently interviewed Vice Governor Pu Haiqing on the current situation in the province's industrial and communications production. Comrade Pu made the following remarks:

In the first quarter of this year, our province did not satisfactorily fulfill its production tasks for industry and communications. After much effort on the part of the government departments at all levels and the enterprises, industrial production was slightly better in April than it was in March, or basically the same as it was in the corresponding period of last year. However, total industrial output from January to April was still lower than in the corresponding period of last year.

The characteristics of industrial and communications production from January to April this year were as follows: Most localities fulfilled their industrial production tasks quite satisfactorily, with Suining, Zigong, Leshan, Liangshan, Deyang, and Nanchong registering an increase of over 10 percent, while a number of localities registered a sizable drop in production. Viewed from the conditions in various trades, the output of township enterprises rose considerably, but the output of the second light industrial enterprises dropped by 5.15 percent. The situation in transport and communications was fairly good. In April, the volume of rail freight and the volume of local goods transported by the three railway sub-bureaus in Sichuan increased over the corresponding period of last year. Electricity production gradually picked up and the peak volume of electricity generated in a day reached over 49 million kilowatt-hours in April.

The heavy backlog in industrial and communications production from January to April has made it more difficult to fulfill the production task for the whole year. However, we should be fully aware of the favorable factors in current industrial production: 1) The high water season will soon be here and electricity production will pick up very quickly. 2) After great effort on the part of the banks, the shortage of circulating capital has eased to some extent. 3) Some foreign exchange has recently been made available to import

certain quantities of urgently needed raw materials. 4) The relatively satisfactory conditions in transport and communications, particularly in railway and water transport, can meet the transportation needs of various trades and industries. 5) The policies of invigorating the economy have gradually been refined and implemented. 6) All localities and departments have full confidence in fulfilling the industrial production tasks for this year. They pay close attention to industrial production and are adopting effective measures. As long as we make full use of these favorable factors and pay close attention to all fields of endeavor, it is entirely possible for us to fulfill the industrial production tasks for this year.

To make sure that the province's plan for industrial and communications production can be fulfilled, the governments of all levels, the departments in charge of economic work, and the leaders of all enterprises should persist in reform, rouse themselves, strengthen their resolve, and dare to take up responsibility and to tackle problems and to conscientiously strengthen leadership over industrial and communications production organizations. At present, it is necessary to carry out well the following tasks:

1. The departments in charge of economic work at all levels and the principal responsible comrades of various cities, prefectures, and autonomous prefectures should conscientiously analyze both the favorable and unfavorable factors in the economic development of their own localities and departments, go down to the grassroots units to conduct investigations and studies, adopt effective measures, direct production, and solve practical problems. They should not remain on the surface and talk in general terms. The economic commissions at all levels should take the initiative to solve various problems such as circulating capital, materials, the financial and tax contract system, rewards, and punishments, in coordination with the financial, taxation, banking, material, and labor and personnel departments.

2. Leading cadres at all levels should go down to the frontline to conduct ideological and political work and to persist in grasping the building of both spiritual and material civilizations.

3. We must persist in reform, protect the people's initiative for reform, and use reform to stimulate industrial and communications production. It is necessary to conscientiously implement the policy of consolidation, assimilation, replenishment, and improvement, to continuously adhere to the effective reform measures and the policies of invigorating the economy and enterprises, and to make further efforts to improve the imperfect. It is necessary to strictly implement various forms of the contract-based economic responsibility system and to honor commitments on rewards and punishments. Further effort should be made to implement the director responsibility system and to institute the system under which a director is responsible for fulfilling the set quotas during his term in office.

4. It is necessary to firmly grasp the production of readily marketable products and to expand the sales of locally manufactured goods. Where conditions permit, efforts should be made to increase the output of readily marketable products.



5. It is necessary to vigorously boost electricity production and to save on electricity. The electricity departments should tap existing potential and strive to generate more and stable electricity. They should also strive to purchase more electricity from other provinces. It is necessary to rationally coordinate the high electricity consumption season with the low and to use electricity in a thrifty and planned way so that our limited energy can play a greater role. We should pay close attention to the rate of progress and the commissioning of projects under construction. The expansion of the Chongqing and Yizixi power plants should be speeded up in such a way that they will go into operation and generate electricity at an early date.

6. We should grasp the weak links, classify the problems in order of importance and urgency, and give them guidance. With regard to those localities and enterprises whose output has dropped and which are far behind in production, it is necessary to make studies and to adopt effective measures in order to solve the existing problems and to boost production. With regard to those localities and enterprises which give a good account of themselves in production, it is necessary to sum up and publicize their experience so that they will continue to forge ahead and scale new heights. With regard to key and readily marketable products, priority should be given in the supply of energy, raw materials, and funds in order to stimulate production. With regard to unsalable products or products kept long in stock, it is necessary to restrict or stop their production or to turn to other lines of production by stopping or restricting the supply of energy, raw materials, and funds. Energetic effort should be made to increase the output, purchase, and supply of crucial raw materials.

7. Vigorous effort should be made to grasp improvement of economic results and projects scheduled to go into operation this year. It is necessary to correctly handle the relationship between growth rate and economic results. While paying close attention to growth rate, we should strive to improve product quality, to reduce material consumption, and to lay emphasis on safety in production. It is necessary to practice target management to ensure the achievement of the objectives as scheduled. With regard to those projects scheduled to go into operation this year, we should firmly grasp their rate of progress so that they can be completed and commissioned at an early date.

May and June are the prime months in industrial and communications production. It is necessary to step up production management and to concentrate our energy on boosting production in order to lay a good foundation for the fulfillment of the plan this year.

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CSO: 4006/1059

XINJIANG HOLDS MEETING ON UTILIZING FOREIGN FUNDS

HK240808 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 21 May 86

[Excerpts] The regional meeting on the work of utilizing foreign capital, which concluded this afternoon, decided that in utilizing foreign capital in the future we should stress the development of advanced technology of a productive nature which is needed in the course of exploiting and building Xinjiang, vigorously develop projects that can earn foreign exchange, and do everything to invigorate Xinjiang's economy.

The meeting held: During the Sixth 5-Year Plan period, our region made a good start in utilizing foreign capital. All places and departments must further free their minds and be bold in carrying out exploration so that our region can make new breakthroughs in utilizing foreign capital.

The meeting pointed out: Utilization of foreign capital is an important aspect of the national economy. We must strengthen macroeconomic control and planned management. Proceeding from the overall interests of the region, in accordance with their practical requirements, all places and departments must formulate an overall plan for utilizing foreign capital.

The meeting demanded: Projects that utilize foreign capital must be carried out in accordance with the procedures of examination and approval, and in accordance with legal procedures. It is essential to perform the feasibility studies of the projects well and to make good preliminary preparations.

It is imperative to link the utilization of foreign capital with the technological transformation of existing enterprises to promote their technological progress.

Leaders of the region, including Comrades Zhang Sixue, Qi Cuo, Huang Baozhang, Hede Erbai, and (Jin Niuhui), attended the meeting and spoke.

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CSO: 4006/1059

ECONOMIC MANAGEMENT

GANSU HOLDS MEETING ON URBAN ECONOMIC REFORMS

Governor Stresses Lateral Ties

HK220615 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 21 May 86

[Excerpts] Governor Jia Zhijie said: To develop and invigorate Gansu's economy, we must make a breakthrough in developing lateral economic ties and find new ways that require little investment and a short cycle and produce quick results. He gave this view at the first provincial conference on urban economic structural reform, which opened on 21 May.

He said: Gansu has very great potentials for lateral ties and economic development. However, the key to whether the potential can be translated into actual economic strength lies in our work performance. There are two possibilities and two kinds of future: 1) becoming poor through guarding our potential, and begging with a golden bowl; and 2) working hard to take advantage of our strong points and tap our potential, promoting ties through opening up, and invigorating the province's economy through developing ties. We can only choose the second. We must pioneer new roads, create new experiences, and put forward new demands in lateral economic ties.

This conference, convened by the provincial CPC committee and government, will sum up and review the progress of urban reforms in the past few years, analyze and study the tasks of urban reforms in the new circumstances, and focus efforts in making arrangements for lateral economic ties.

Xu Feiqing, chairman of the provincial People's Congress standing committee, vice governors Liu Shu and Zhang Wule, and responsible comrades of departments concerned, including the provincial economics commission, attended the opening of the conference.

Governor Jia Zhijie said in his speech: Diffusion and joint operations are becoming a new factor in the province's economic growth that we cannot neglect. According to statistics, in 1985 the province completed 209 diffusion and joint operations projects with a total output value of 340 million yuan, a rise of 125 percent over 1984.

Jia Zhijie continued: Generally speaking, the province's lateral economic ties have made a start along the road. Apart from achieving a certain degree

of economic results, we have also explored some forums with Gansu characteristics. There are great prospects for developing lateral economic ties in Gansu. There are broad fields and potential for this work. We have all kinds of potentials. Strong points are potentials. Weaknesses are also potentials. There are actual potentials and also latent strong points. We must therefore break through narrow-minded regional and departmental concepts, discard conventional vertical and horizontal bindings, further emancipate our minds, relax the policies, and ensure that economic ties can progress through many channels, in many forms, at many levels, and in all directions. We should organize some enterprise groupings that have the nature of consortia.

Jia Zhijie also introduced some initial ideas of the provincial authorities. He said: The main goal of the lateral economic ties plan for the 3 years 1986-88 is to organize 502 joint operations projects, with an output value of 1,668 million yuan and producing 311 million in profit and tax; the goal of endeavor for 1986 is to organize 265 joint operations projects with an output value of 508 million yuan and producing 89 million yuan in profit and tax. After these goals are attained, the province's economic strength will be further boosted, the rapid development of industrial and agricultural production will be promoted, and the people of the whole province will derive still greater real benefit.

#### Vice Governor Views Development

HK260415 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 25 May 86

[Excerpts] The Gansu provincial conference on urban economic structural reform concluded in Lanzhou on 25 May. Governor Jia Zhijie presided at the meeting. Vice Governor Zhang Wule gave some views on further developing lateral economic ties:

1. We must bring into further play the main force role of large and medium enterprises in lateral economic ties. Such enterprises should regard stimulating the ties as a task for which they should be responsible in invigorating Gansu's economy.
2. Key cities should further play a main factor and pivotal role in lateral economic ties. The current urgent task is to establish and open up markets of all types to provide coordinated services in production and daily life materials, small commodities, capital, labor, science and technology, and information.
3. The government departments should shift their functions and provide coordinated services in lateral economic ties while also providing macroeconomic guidance. They should guide the enterprises to switch from the production form of being small but complete to specialized production.
4. We must further speed up our pace of opening up to the world. This involves opening up to other places in the province as well as to other parts of the world. Through forging ties with other provinces and

municipalities, we should not only improve the quality of our enterprises, but more important, acquire advanced technology and experiences and train our own talented people.

5. We must focus on key points and vigorously firm up the 3-year plan for developing lateral economic ties. At present we should concentrate on projects that can produce results this year.

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## ECONOMIC MANAGEMENT

### CONFERENCE DISCUSSES ECONOMY OF SOUTHWESTERN CHINA

#### Five-Party Meeting Held

HK231058 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 22 May 86

[Text] During the third session of the five-party economic coordination conference, representatives of various parties discussed the major issue of rejuvenating the economy in southwestern China. The participants held that we must make good use of the present good situation in developing lateral economic ties, and promote the development of lateral economic ties among the five parties to a new level.

During the session, the representatives expressed their views and made useful suggestions on major and strategic issues concerning the five parties. The conference was marked by equality, unity, and cooperation.

(Xia Feng), vice chairman of the Chongqing City Economic Cooperation Office, said: The ties among enterprises are the basic form of the lateral economic ties, as well as the focal point of development. The five-party economic coordination conference should overcome obstacles for enterprises in the areas of establishing ties, so that they can dispel their worries and go all out in the work. Presently, we should resolutely implement the State Council stipulation on further promoting the lateral economic ties. In connection with our actual conditions, we should consciously do well in the work.

(Zhang Jiabin), vice chairman of the Guizhou Provincial Economic Office, said: It is very important that the five parties support each other. In the wake of further development of the ties among us, we should discuss the formation of economic combines, and group together the major, minor, long-term, and short-term projects so that we can achieve more in lateral economic cooperation.

(Huang Ziji), vice chairman of the Guangxi Regional Office for Transforming Enterprises, said: The five-party economic coordination conference must make decisions and plans for major issues, such as the development of the basin of the Hongshui He, and building the Lanzhou-Kunming Railway. It should strengthen macroscopic guidance in the area of lateral economic ties, and provide good services. We should promptly make arrangements for dealing with some issues, so that the lateral economic ties will be developed healthily.



24 June 1986

(Zhou Mingju), vice chairman of the Sichuan Provincial Economic Coordination Office, took the cases of Sichuan and Yunnan as examples for showing the achievements of developing economic and technological cooperation. He said: Last Year, Sichuan and Yunnan were linked together. Most economic cooperation projects jointly run by Chengdu and 11 prefectures, autonomous prefectures and cities, and Yunnan have been the successful ones. Furthermore, the provinces now plan to establish a long-term and stable cooperation relationship between Dukou City and western Yunnan.

(Huang Hengqiu), deputy head of the Yunnan Provincial Department for Rural Work, said: In the past, the economic coordination conference only discussed matters concerning industry and commerce. This conference, however, discussed the issue of developing the natural deposits in subtropic and tropical areas in southwestern China. This has raised the issue of agriculture to the level of economic ties and coordination, which is a good move. The five parties should make joint efforts and do well in investigation and planning.

Concerning the strategy for comprehensive surveying and developing the natural resources of southwestern China, the participants held that this is a strategic task that attracts great attention from the party, state, and the peoples of various nationalities. It is also very important preparatory work for developing southwestern China. The parties should coordinate with each other, give play to the roles of central and local authorities, and quickly achieve results.

Concerning the practice of taking a further relaxed attitude toward policies and giving supports to focal points in areas inhabited by minority nationalities, the participants said: The five parties have a total minority nationality population of over 37 million, accounting for some 60 percent of China's total population of minority nationalities. Comparatively speaking, the economy and culture in the areas are still backward. Thus, the state should adopt special measures to help quicken the economic development of areas inhabited by minority nationalities. The present focal point of the work is to help those severely poverty-stricken areas use the local advantages to develop production by self-reliance, thereby gradually improving the people's living standard.

#### Economic Coordination Conference Concludes

HK250331 Kunming Yunnan Provincial Service in Mandarin 2200 GMT 24 May 86

[Excerpts] The third session of the economic coordination conference of Sichuan, Yunnan, Guizhou, Guangxi, and Chongqing victoriously concluded in Kunming on 24 May after completing all its agenda. The meeting was held under the close concern of the CPC Central Committee and State Council. Pu Chaozhu, chairman of the session and secretary of the Yunnan Provincial CPC Committee, presided and made the closing speech.

This session was held in a new situation since the state's seventh 5-year plan has listed the three provinces, one autonomous region, and one city of the southwest as one of the five grade-one economic zones in the country, and the

central authorities are regarding lateral economic ties as an important component part of economic reform. During the session, responsible comrades of the central departments, well-known figures, experts, and scholars put forward a number of very good and sincere suggestions and views. They incisively elaborated on the importance and prospects in developing lateral economic ties. This played an important guiding role in making a success of the session.

The session held: At present the key to economic development in the five conference members lies in vigorously grasping circulation, communications, capital flow, and energy, and in working hard to assign joint undertakings and developing an important strategic position and to build a regional market setup among the five members, as a contribution to promoting the establishment of a unified socialist market setup in the whole country.

During the session, as a result of the common efforts of all parties, on the basis of summing up previous experience and in light of developments, the participants revised, discussed, and approved a number of principals for the economic coordination conference, some views on vigorously promoting multilayer lateral economic ties, and other documents. Agreements were reached on 228 cooperation projects.

The meeting decided that, since the Xizang Autonomous Region has been formally accepted as a member of the economic coordination conference, the next session will be a six-party affair, with the participation of three provinces, two regions, and one city.

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## ECONOMIC MANAGEMENT

### CHONGQING LEADER DISCUSSES ECONOMIC COOPERATION

HK250307 Kunming Yunnan Provincial Service in Mandarin 1000 GMT 24 May 86

[Excerpts] On 22 May, Huang Ye, leader of the Chongqing delegation and vice mayor of Chongqing, made a speech at the five-party economic coordination meeting, in which he introduced the development of Chongqing's economic ties and cooperation with the other parties since the last session of the conference and put forward ideas on the future development of lateral economic ties.

He said: Chongqing is a comprehensive industrial city. Its economy will develop still faster when the economy of the southwest provinces and regions has developed. With its economy developed, Chongqing can also provide better service for the economic development of the southwest provinces and regions. In the past few years, Chongqing enterprises have signed agreements on 256 cooperation projects with enterprises elsewhere in the region, and 150 of these are now underway.

Huang Ye also said: After this session, Chongqing will open its gates wider and advance in big strides. We will develop economic, scientific and technical, and social ties and cooperation in all fields and take lateral economic ties to a new stage. 1) We should seriously firm up the agreements discussed and decided on by this meeting. 2) We should further develop ties and cooperation between trades. 3) We should further establish and develop markets for production and daily life materials, technology, finance, and labor, and gradually form a complete market setup. 4) We should step up exchanges of technology, culture, and information. 5) We should improve and strengthen service work and create a very good environment and conditions for developing lateral economic ties. 6) We should reform the financial management system to stimulate the development of lateral economic ties.

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ECONOMIC MANAGEMENT

HENAN PLANNING GROUP VIEWS INDUSTRIAL PERFORMANCE

HK250651 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 24 May 86

[Excerpts] The provincial planning and economic commission held a production direction conference on 23 May, which proposed that the target management responsibility system be established in economic work in all prefectures, cities, and departments and bureaus concerned, to ensure the fulfillment of the province's industrial production task this year.

Zhong Lizeng, chairman of the commission, said at the meeting: The province's industrial output value in the first 4 months of the year showed a rise of only 0.2 percent over the same period last year. Economic results declined somewhat. In order to resolutely promote industrial production, it has been decided to institute the target management responsibility system in economic work in all prefectures, cities, and departments.

Beginning in May, the provincial government will periodically examine the production performance not only of the prefectures and cities but also of the departments and bureaus concerned. The provincial government will commend those units fulfilling their target management goals and will reward enterprise leaders who overfulfill their goals.

Zong Lizeng also announced 10 other measures for grasping industrial production. The important ones are: Persevere in reform; increase output of products in market demand; continue to solve the shortages of electric power, raw materials, and capital; do a good job in sales of products; improve the coordination of industry and commerce; strengthen control over production; and promote labor emulation.

Vice Governor Gin Kecal also spoke at the meeting. He said: The plan to increase industrial output value by 8 percent this year was approved by the recent fourth session of the sixth provincial people's congress. We must make every effort to achieve this target. It is essential to have a certain growth rate in industry.

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## ECONOMIC MANAGEMENT

### HUNAN'S XIONG GINGQUAN REPORTS ON ECONOMIC WORK

HK250557 Changsha Hunan Provincial Service in Mandarin 0900 GMT 24 May 86

[Excerpts] In his government work report, Governor Xiong Gingquan spoke on specific measures in the province's economic work this year, stressing the importance of actively developing lateral economic ties. These can promote reform as well as economic results. He also proposed 10 aspects of Hunan's development of lateral economic ties:

1. Expand ties with Shanghai, Beijing, Guangdong, and neighboring provinces, with the focus on bringing in capital, technology, management, and talent, so as to exploit Hunan's rich resources and improve its production, technology, and management standards.
2. Develop a number of enterprise groupings or consortia with the focus on brand products, centered on large and medium enterprises and on the machine building and electronics industries.
3. Actively develop a number of industry-commerce, agriculture-commerce, commerce-commerce, and industry-agriculture-commerce combines spanning different sectors and regions.
4. Strengthen ties between the towns and countryside, especially between urban and township enterprises, so as to promote the structural reform by which cities administer counties, and speed up the integration of the urban and rural areas.
5. Speed up ties between military and civilian industries and between developed and undeveloped areas, to stimulate the transfer of technology and rational mobility of talented people.
6. Get a good grasp of ties between Changsha, Zhuzhou, and Xiangtan, and gradually create a new situation in this tri-city economic cooperation zone.
7. Actively develop ties between foreign trade units on the one hand and production units, domestic trade units, and ports, on the other hand, to achieve unity in opening up to the world.

8. Actively organize cooperation between financial enterprises and vigorously develop the lateral flow of capital.

9. Further develop scientific research and production combined composed of scientific research centers, institutes of higher education, and production enterprises.

10. Actively develop joint transport by railroad, road, and waterway, and strengthen joint transport operations with fraternal provinces and cities.

On grasping this year's economic work, Governor Xiong Qingquan stressed that it is essential to do a good job in market supply and to maintain basic price stability.

He pointed out: Prices are an issue of greatest concern to the masses. Jurisdiction over price readjustment must be centralized. No department may arbitrarily propose price hikes, or indulge in devising price-hiking schemes. In general, prices of products involving the overall urban and rural situation should not be altered this year. In particular, we must strengthen controls over the trading markets and traders and hawkers. If necessary we should stipulate the varieties of goods subject to price controls and the range of price fluctuations. We must do everything possible to maintain basic price stability.

Governor Xiong Qingquan stressed: We must unswervingly build the two civilizations together and strengthen the building of socialist spiritual civilization and the legal system.

He also said: An important issue in building socialist spiritual civilization is to wage the struggle against all ignorance and feudal superstition. At present, feudal superstitions and clan activities have emerged to some extent in part of the province. We must pay sufficient attention to this problem. Cultural undertakings such as literature, art, journalism, publishing, radio, and television must insist on putting social benefits in first place and stand in the forefront of building socialist spiritual civilization.

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## ECONOMIC MANAGEMENT

### JILIN HOLDS CONFERENCE ON REFORM, ECONOMIC WORK

SK281328 Changchun Jilin Provincial Service in Mandarin 0930 GMT 27 May 86

[Text] The provincial conference on the economic structural reform and economic work was held in Changchun this morning. Major tasks of the conference were to work out ways to further implement the guidelines of the national economic work conference and the national urban economic structural reform conference convened by the State Council, to study ways to continuously deepen the economic reform of our province, and to make arrangements for developing the overall lateral economic cooperation, strengthening enterprise management, implementing the policy of attending to the two civilizations simultaneously, and conscientiously reinforcing the ideological and political work of enterprises.

Vice Governor Gao Wen presided over the conference. Governor Gao Dezhan delivered a speech: "Persistently Carry Out Reform, Develop Cooperation, Strengthen Management, and Stimulate a Sustained, Stable, and Coordinated Development in the Economy of Our Province."

Governor Gao Dezhan pointed out in his speech: The focus of our province's reform this year should be placed on the promotion of the overall lateral economic cooperation. Through cooperation, we should continuously deepen the reforms and promote the economic structural reform. While carrying out cooperation, we should further enhance our understanding, emancipate our minds, and free ourselves from the shackles of outmoded systems. We should proceed from reality to make overall plans, give positive guidance, and carry out extensive multi-layer and multi-channel cooperation of various forms and in various fields with the focus on the established priorities. We should work out plans to conduct cooperation whenever conditions are ripe. We should strengthen leadership, encourage lateral economic cooperation with policies, and protect it with laws.

Governor Gao continued: On the basis of the guidelines of the national economic work conference and the actual conditions of our province, we should regard enterprise management as a strategic measure, and carry it out during the Seventh 5-Year Plan period. We should improve economic benefit and increase our strength through better management. While improving enterprise management, we should lay a good foundation, and improve it step by step to achieve overall improvement. Every enterprise should base itself on the

present level, and take three steps to achieve improvement in its basic work, leading body, as well as professional and modernized management. High standards, high quality, and strict requirements should be upheld when upgrading enterprises.

Governor Gao Dezhan concluded: We should adhere to the orientation of reform, clarify the bounds of policies, enforce and improve in a comprehensive manner the economic responsibility system within enterprises, fully arouse the enthusiasm of producers and distributors, and, on the premise that state policies are conscientiously carried out, implement our province's specific policy measures in an all-round manner with an end to upgrade the quality of products, reduce consumption, conserve funds, lower cost, produce more readily marketable products, expand sales, dispose of goods in stock, activate funds, stop deficits, and increase profits so that enterprises can give play to their initiative, and enhance their ability for self-development.

Leading departments should enforce the systems under which they should be responsible for fulfilling certain goals and establish ties in carrying out their work, render goods service to invigorating enterprises, and regard the service as an important criterion for evaluating cadres. While attending to economic work, we should conscientiously strengthen the ideological and political work of enterprises, implement the policy of promoting the two civilizations simultaneously, continuously raise the level of this work, and exert painstaking efforts to make it lively and successful. Enterprise cadres in charge of political work should have confidence in, respect, and improve themselves, win the trust of the party and the masses with creative work, and make contributions to the building of the two civilizations.

Attending the conference were responsible comrades of various cities, prefectures, the autonomous prefecture, and counties; economic structural reform commissions, planning and economic commissions, and economic cooperation offices at all levels; various provincial committees, departments, bureaus, and offices; and some key enterprises. Pertinent responsible comrades of the provincial CPC committee, advisory commission, CPPCC committee, and discipline inspection commission also attended.

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ECONOMIC MANAGEMENT

JOURNAL ON SELF-FINANCING IN FOUR MODERNIZATIONS

HK270138 Beijing JINGJI QUANLI in Chinese No 4, 5 Apr 86 pp 22-24

[Article by Zhang Shizong [1728 1709 1813], edited by Pan Shucheng [3382 6615 3397]: "Fully Enhance the Role of Self-Financing in the Four Modernizations"]

[Text] I.

Whether enterprises possess strong vitality is a big problem related to the whole situation of the development of the national economy. Over 80 percent of our state revenues are derived from the profits and taxes of industrial enterprises; hence, invigorating the enterprises is an important measure to nurture the financial resources of the state, increase the strength of the state, maintain economic stability, and coordinate development. Following the progress of the reform of the economic structure, industrial enterprises have obtained not only decisionmaking power in operation but also a definite amount of self-retained funds which they can autonomously dispose of. The self-retained funds of enterprises and the financial strength of the regions and departments have formed large and powerful self-raised funds. The investment activities of self-raised funds have changed the former situation of construction funds wholly dependent on financial appropriations from the state, strengthened the capacity of the enterprises in self-transformation and self development, and have played an increasingly important role in the country's socialist construction.

According to statistics of Fushun City, between 1981 and 1984, the sources of funds of fixed asset investments were: state financial appropriations, 25 percent; self-raised funds, 58 percent; and the balance composed of bank loans (12 percent) and sundry funds (5 percent). In structure, fixed asset investments have also evolved in a rather great way. Fifty-five percent of fixed asset investments during the 4-year 1981-1984 period were investments on technological transformation projects, whereas capital construction investments comprised only 45 percent. Thus, the original emphasis on capital construction in fixed asset investments has gradually shifted to transformation of the original technologies of the enterprises.

Generally speaking, investments of self-raised funds have the special features of small projects, little investment, short construction periods, and quick

results. They have usually obtained comparatively good economic results. Fushun's industrial gross output value in 1984 increased by 19.48 percent over 1981, and the total amount of profits and taxes increased by 24.42 percent. At the same time, self-raised funds were used to build a large number of residences for the staff members and workers. The total area of residences built and completed during the 1981-1984 period was 2.4234 million square meters. This has clearly improved the housing conditions of the staff members and workers.

## II.

In exploring the problem of the scale of fixed asset investments, some people have expressed the opinion that the over-large scale of investments in recent years was due principally to the investments of self-raised funds being too rapid and too large in amount. They believed that in the investment of self-raised funds, there were the phenomena of building blindly, redundant construction, and waste of funds. Hence, they held that the investment activities of self-raised funds should be subject to control, and that the restraining measures should include tightening the money market, tightening the granting of loans, raising interest rates, levying higher and heavier taxes, and so on. However, I do not believe we should adopt such measures.

1. Regarding the problem of the scale of investments. The scale of investment is a problem we must look into in economic construction. The size of investment depends on the plan. The plan is determined on the basis of the state's ability to bear, following the process of comprehensive balancing. It is a yardstick of whether the scale of investment is adequate. Problems arising in the course of strictly implementing the state plan may be ascribed to errors in planning. Regarding the undertaking of projects that exceed the state plan, the personnel in charge of whichever department responsible for it should bear the burden.

It is not easy to talk clearly about scale in deviation from plan. For example: 1) The state prescribes a score of projects without specifying their scale. In the statistics, they should be included in the volume of completed fixed asset investments, but in the completed volume what should be the amount of those not specified? This is not at all clear. 2) It would not be correct to consider the scale as being overly large if there were a slight increase in the volume of completed projects this year over the preceding year. Following the development of the economy and the rise in national income, it is quite normal for the volume of fixed asset investments to increase each year. We should not in general suggest that the increased portion was out of control. 3) Due to the supply of certain major construction materials lagging behind demand and showing repeated price rises, and also due to the levying of the construction tax, construction costs have been rising yearly. During the 1950's, the construction costs of residences was only around 100 yuan per square meter. It is now double that figure. Even though there is change in the volume of construction materials in kind, the completed volume of investments has increased year after year. In particular, in recent years, this situation of increase can be readily discerned.

In short, many factors contribute to the increase in fixed asset investments. To what extent will investment of self-raised funds contribute to this increase? Let us make a concrete analysis.

2. It is a fact that as a result of the state implementing the policy of delegating power and invigorating [enterprises] the self-retained funds of the enterprises have gradually increased, but not to the extent that the investment activities by the use of self-raised funds have overflowed the market and must be attended to at once. I believe that this is hardly the case. According to current needs, the self-retained funds of enterprises are actually not too much, but are too scarce. In particular, in the technological transformation of the old enterprises, the major problem at present is still the insufficiency of funds. Even in regard to the projects carried out in the past, the method adopted was: "The enterprise paying a little, the state or department supplementing a little, the locality providing a little, and the bank loaning a little." Under such conditions, to tighten the money market and to depress loan-granting would be tantamount to "taking away the firewood from under the cauldron."

In undertaking construction through the use of self-raised funds, the burden currently faced by the enterprises is not at all light. It includes payment of the energy and communications subscription funds, construction tax, and various kinds of levies and collections. In addition, the major construction materials required for construction are mostly procured at negotiated prices. On such a foundation, if we are to levy higher and heavier taxes, or raise the interest rates on loans, it will only make the amount of available self-raised funds insufficient for the purpose. This not only will strangle the enthusiasm of the enterprises and of the localities but also run counter to the series of guidelines and enterprises calling for "releasing from bondage", "delegating power", strengthening the enterprises' vitality, and invigorating the economy.

3. With regard to the problem of blind construction and redundant construction. This is a problem which we must overcome in our socialist construction. But the appearance of this kind of problem should not be ascribed to the fault of the investment activities in self-raised funds. Surely, we cannot say that using self-raised funds in construction will bring about blind construction and redundant construction but that using other sources of funds for the same purpose will not cause such phenomena. The problem does not lie in the source of the funds but rather in the degree of correctness in studying and determining the feasibility of the investment projects.

Naturally, projects undertaken by the use of self-raised funds are mostly determined on the basis of the supply and demand within the locality, the industry or trade, and the market, and then measuring the extent of the benefit that the enterprise can derive therefrom. Therefore, a certain degree of control is unavoidable. However, among a large number of projects financed by self-raised funds, due to deviation from time schedules and changes of conditions, errors in individual projects are unavoidable. Even though blind construction and redundant construction have appeared, because they are



projects generally requiring small investment, no really important impact can be felt on the situation as a whole. With the law of value playing its due role, these projects can speedily go into production and generate new effects. In reality, to prevent the rise of such problems, the key lies in learning from, and absorbing, past lessons. Construction units should note market information, step up feasibility studies, and overcome blindly selecting projects for investment. At the same time, we should step up macro-guidance, and should never give up eating for fear of choking.

### III.

In view of self-raised funds occupying an increasingly important position in fixed asset investments, it is necessary to guide the direction of their investment, to the end that the flow of investments is more rational and more in conformity with the demands of the whole situation.

1. The investment activities in self-raised funds should, like other construction funds, be incorporated into the state's unified plan. The plan should be divided into two portions: large and medium-sized projects should come under the state's direct control, while others should be graded and cut piecemeal into separate control targets to be assigned to the departments in the localities, enforcing the department-or-plant-chief responsibility system. By so doing, it is beneficial to the state in carrying out a comprehensive balancing in personnel, finance, and materials, and also prevents the gross scale of fixed asset investment being out of control.

Nevertheless, in the state plan, how to handle well the relationship between major construction and rank-and-file construction is an exceedingly important problem. Major construction, particularly construction in the energy and communications sectors, is a big affair related to the development of the national economy. Failing to make any headway in major construction means that the whole national economy cannot be invigorated and even partial development will naturally be restricted. But it is also true that major construction should not, within a designated period of time, progress at a pace of the faster the better.

Major construction must conform with the national strength, otherwise, not only major construction cannot make any headway but also large amounts of materials and money will stay in a "half-spent state", in addition to elbowing out certain small construction projects which require little investment, and call for a short construction period but produce quick results. A major construction project costs an investment outlay ranging from as little as several hundred million yuan to as much as several billion yuan, whereas investments in small projects require only a little over 100,000 yuan each or several hundred thousand yuan each and only a few of the larger projects require at most some several tens of million yuan.

The relationship between these two categories of projects is akin to that between "a single item" and "a cluster of items". Undertaking one more major project means elbowing out a large cluster of rank-and-file small projects, whereas undertaking one less major project means enlivening a large cluster of



small projects. Hence, we must be extremely cautious in decisionmaking concerning major construction projects. Indeed, the state should firmly control the number of major construction projects and, at the same time, under the precondition of seeking prompt benefits, liberally stimulate investment in small projects. By so doing, we are in conformity with the principle of "macro-control and micro-invigorating," and can enable the structure of fixed asset investment to maintain an appropriate proportionate relationship.

2. In order to guide self-raised funds to play an even greater role in national construction, we should change the method of the state taking unified control of undertaking major construction projects. Rather, a number of major construction projects which call for little investment, produce good results, and engender large profits should be turned over to the regions and departments for them to take charge by raising the requisite funds themselves. As for the road to raising funds, we should break the demarcation line between regions and industries and trades, enforcing the principle of whoever invests enjoys the benefits and the profits. Thus, the enthusiasm of investors on various sides can be aroused, and the green light is turned on for the lateral flow of self-retained funds.

We believe that certain regions and enterprises, for the sake of seeking their own self-development and protecting the source of energy and raw material, are perfectly willing to invest. Naturally, the methods of raising funds are many and diversified, such as undertaking domestic compensation trade, issuance of stock certificates and bonds, and so forth. In order to remove the skepticism and doubt of investors, the relevant departments may adopt suitable measures to bear certain of the risks in investment. On the basis of raising the requisite funds and working according to the concrete conditions, the state may make certain supplementary contributions or the banks may advance small bank loans. By so doing, the good points are: 1) Arousing the enthusiasm of many sides; this is naturally much better and can earn quicker results than merely counting on enthusiasm from only one side. 2) Lightening the financial burden of the state, through using the money for one project to finance and undertake several projects; the money thus saved can be concentrated and used on projects which yield minor profits or no profits at all, or used on large scientific research, cultural, educational, or public health projects.

3. We should further expand the sources of self-raised funds. In our country, we have a relatively large number of old enterprises and are very much confronted with the vexing problems of antiquated equipment, backward technologies, and aging products. The tasks of technological transformation are indeed very heavy ones. Such a huge demand for funds cannot be met by the self-retained funds of the existing enterprises. How then should the problem of the source of funds be solved? We may suggest that with respect to those major products the supply of which is currently lagging behind demand, such as rolled steel, aluminum ingots, cement, and electricity, a suitable rate of the products development funds be collected from them, in addition to their out-of-factory prices, to continue for a stated period of time (say, up to an improvement in the situation of supply lagging behind demand). The funds thus

collected should be deposited in a bank under a special name, designated for special use only, and subjected, in accordance with the respective subordinate relationship, to the unified arrangements for use by the relevant departments in close adherence to the development plans of industries and trades.

By so doing, each year the country as a whole can collect a rather sizable amount of funds for use in the development of the various products concerned. Such a method exerts a certain restraining force on macro over-demand and, simultaneously lessening demand, it can vigorously develop production and increase supply. It also conforms to the principle of "products for everybody's use, and everybody bearing the burden of opening up products," and "taking from the people and using same on the people."

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ECONOMIC MANAGEMENT

BRIEFS

GUANGDONG'S YE XUANPING ON COUPONS--At today's 5th session of the 6th Provincial People's Congress, Ye Xuanping said in his report: During the Sixth 5-Year Plan period, the province's urban and rural markets were brisk. The supply of commodities was rich in variety and the supply of such fresh commodities as vegetables, fruits, poultry, meat, fish and eggs was abundant. Also, the amount of vegetable and fish being transported to north China was increased year by year. Except for some products, the articles for daily use as well as the durable consumer goods were available in the open market. In 1975, the province issued more than 40 kinds of coupons for purchasing products. But now these coupons are needed only when purchasing grain, oils and coal. [Text] [Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 21 May 86] /9871

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## FINANCE AND BANKING

### GUANGZHOU'S FINANCIAL REFORM DISCUSSED

Beijing JINGJIXUE ZHOUBAO [ECONOMICS WEEKLY] in Chinese 4 Jan 86 p 2

[Article by Lin Qixiang [2651 0796 4382] the Guangzhou Economic and Social Development Research Institute: "Guangzhou's Reformed Financial System"]

[Text] [Summary] Guangzhou City has achieved much success in the last few years in its implementation of the "open door, reform, and enliven" principle. With the initial stimulus of the "enliven the circulation" reform of the system of circulation, the commodity economy has developed rapidly. However, the financial system, in particular the system of management over credit, is still behind the times, which hinders the further development of the commodity economy. The old financial system has become a "bottleneck" blocking the overall reform and the development of the commodity economy in Guangzhou at the present stage. Breaching the gap via "enlivening finance," reforming the financial system, deepening the overall reform and perfecting economic mechanisms are urgent tasks in the current reform of Guangzhou City. [End of summary]

#### Objectives

The objective for the reform of the financial system is to set up a lively, orderly financial market that is adjustable and controllable. With effective macroeconomic control over the market, integration between planning and market mechanisms and freely flowing channels of capital, we can more efficiently promote the development of the commodity economy compared to the present directive financial system. The following practical objectives must be realized, including the completion and strengthening of the central banking function of the Guangzhou City People's Bank, so that it can genuinely become the core of the city's financial system; the development of the "credit middleman" role of specialized banks, which at the grassroots level must implement "professional enterprise management"; the opening up of credit channels, the creation of financial enterprises of differing functions, the development of financial resources; the development of diversified credit forms and instruments for the circulation of credit; the full utilization of economic levers, in particular interest rates, to regulate the distribution of the national income and direct the flow of credit funds; striving to create the necessary conditions so that Guangzhou can become the financial center for southern China, Guangdong Province and the Zhu Jiang delta; gradually developing international financial operations.

## Implementation and Coordination

### 1. The Reform's Principle of Implementation

A currency policy involving tightening up the money supply must be implemented throughout the course of the financial reform. The reasons for this are: First, only with such a policy can financial enterprises emphasize the effective investment of capital, increase returns on credit funds, and enliven themselves. Second, it would encourage industrial and commercial enterprises to look within and pay attention to their own internal accumulation, developing potentials, cutting down on expenditure, and increasing the capital turnover rate and to enable the entire economic system to share in the benefits of the financial reform which is a part of the overall reform. Third, macroeconomic control could be enhanced, commodity price increases due to the readjustment of the interest system as part of the reform could be prevented, and the reform of the interest system and the readjustment of commodity prices caused by it could be restricted to within the framework of structural revision.

### 2. The Initial Stage of Financial Reform

The first steps of the reform of the banking credit system of management must first not influence or disturb work to balance credit nationwide. Second, grassroots banks must separate professionally and in terms of economic returns from the vertical control of supervising specialized banks. Conditions needed for reform of Guangzhou's banking and credit system could be created by the method of "separated contracting and each to balance their own books." Business administration of banks must be made more professional and their autonomy should be expanded. At the same time, a system involving the retention of profit by the city's specialized banks must be implemented, and a long-term credit fund market must be set up. There are two ways to accomplish this: (1) Have the various financial organs such as banks, trust companies, finance agencies and insurance companies utilize a variety of methods to concentrate capital dispersed throughout society for use in production investment; (2) The absorption of capital by the issuance of negotiable securities on the market by final borrowers, such as industrial and commercial enterprises and government organs. We should also further expand the use of foreign exchange retention to adjust the market. While reforming the banking system, we must focus on developing various types of financial organs and diversified forms of credit and invigorate the circulation of short- and long-term funds. We must strive to promote the use of bills and notes in commercial credit and allow some economically diversified financial institutions of all categories, such as banks that specialize in attracting foreign capital, to establish joint-venture banks, urban credit cooperatives, and collective banks, regional development banks, and insurance companies. Private credit and direct credit activities among industrial and commercial enterprises must be legalized on a foundation of improved management.

Use the method of "integrating regulation with the open door" to reform the interest and management systems. In the initial stage of the reform, due to the lack of competition among banks, there are many distortions in the current system of commodity price and a lack of fidelity to varying degrees in price

signals. Therefore, the scope of the reform of interest rates should not be too great to avoid the inflation and loss of control over the investment structure that would be caused by the resulting increased product costs. A more realistic idea would be: state banking system interest should be "primarily regulated, with an integration between adjustment and liberalization"; based on a foundation of management, interest of nonbanking financial organs should be "primarily opened up." Residents' savings deposits and intraindustrial credit interest should be "primarily opened up;" enterprise savings and interest on credit should be characterized by an integration of regulation and fluctuation. Long-term credit is to be "primarily regulated"; medium- and short-term credit shall fluctuate within currently stipulated bounds. Currently the most irrational of the interest rates for credit funds are long-term loan rates which are too low, even at irrational rates. Therefore, with the exception of a minority of funds to be used on key construction projects that are economically effective for which favorable rates can be guaranteed, interest rates for most long-term loans need to be gradually raised. Rates for medium- and short-term loans should not be loosened all at once in order to avoid a great increase in the cost burden of enterprises.

The focal point of the reform of the financial system entails the further reform of the price system, the creation and completion of economic laws and the strengthening of economic responsibility among all economic organizations and enterprises.

#### 3. Advancing the Reform Via Intraindustrial Competition

There is a direct proportionate relationship between competition and the strength of an enterprise. The second stage of the financial reform requires continuing to encourage competition in financial circles, particularly among banks. In the initial stages of the financial reform, interest rates will still be fairly strictly controlled due to the small number of financial enterprises participating in the competition (there are only three specialized banks, that, in the strictest sense, can join in competition). Therefore, competition of this sort will have a limited effect on improving economic effectiveness of banks.

An important measure in encouraging full non-interest-related competition among banks is the decentralization of specialized banks. Such banks could be divided up into several large, medium, and small banks, some of which would be controlled administratively as before. Each would become an economic entity characterized by a synthesis of operational rights and economic effectiveness, and would deal directly with enterprises and be professionally supervised by the People's Bank. At the same time, the further development of diversified financial enterprises and the selection of well-run, well-financed large-scale industrial and commercial enterprises to directly participate in financial activities would promote the interrelation of industrial and finance capital. A multilevel, multifunctional financial system characterized by a division of labor and mutual coordination would be formed via banking decentralization and the development of diversified financial enterprises.



The autonomy of banks would be further expanded based on a foundation of banking decentralization. This should entail: allowing banks to open up new categories of deposit and credit, to issue bank notes and other bills, and to have the power to select customers for deposits and loans. In coordination with this, industrial and commercial enterprises could freely choose banks for deposit and the taking out of loans and could open accounts in more than one bank, so that banking decentralization and increased autonomy could lead to the same phenomenon among industrial and commercial enterprises. More power to set interest rates could be granted to the banks given a balance between overall supply and demand of public funds and the presence of only a small gap in social demand for capital. At the same time, more profit could be retained by banks, which should take firm steps to shift to the payment of taxes instead of profits to the state.

Until there have been greater changes in the state financial investment system, the People's Bank could establish under its direct leadership, specialized investment banks to take responsibility for and manage that portion of capital that would be freed for enterprise credit instead of being allocated to enterprises by the state. In this fashion, the various decentralized banks could engage in long-term business investment, while financial investment would be concentrated and managed by the specialized banks under the jurisdiction of the People's Bank, sharing responsibility with the Planning Commission for supervision of the direction and use of these investment funds.

The circulation of capital among regions could be opened up, so that industrial and commercial enterprises from all over could open accounts in Guangzhou and outside banks could set up branches here, while Guangzhou's various banks could be encouraged to open branches elsewhere, which would promote a horizontal flow of capital among regions and the formation of the financial center.

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FINANCE AND BANKING

STRENGTHENED CENTRAL BANK MONEY-CONTROL FUNCTION URGED

Beijing JINGJI RIBAO in Chinese 8 Jan 86 p 3

[Article by Ding Bangshi [0002 6721 4258]: "Strengthen Central Bank's Control Over Basic Money Supply"]

[Text] Maintaining a balance between aggregate supply and demand for money is closely related to whether banks are able to control credit outlets. If credit outlets are kept under control then a basic balance between aggregate supply and demand for money can be maintained; otherwise control over credit issuance and the money supply will be lost. To prevent loss of control over credit, it is essential to raise the proportion of deposit reserved fund that specialized banks remit to the central bank and strengthen the central bank's control over the basic money supply.

After 1949 the People's Bank of China was a unified bank. In regard to domestic banking activities it was the center for "cash, credit, and account settlement": it was the source of money supply, it handled deposits from state enterprises and departments and was the clearinghouse for payments between state-run units. It was thus fostering the circulation of money in the following ways: first, because bank deposits from the various enterprise units of a state-run department kept money circulating; second, because it handled the movement of cash for nonstate workers and collective units. Under this structure, the People's Bank bore a double burden of professional duties: First it was responsible for supervising the bank accounts of the various state-run enterprises so that the People's Bank could continue to supervise the overall finances of a unit and make sure that these enterprises were conducting their affairs according to the national plan; its second duty was to maintain control over the nation's money supply.

The bank's structure and functions have undergone several changes since 1979. The first step was to make the central bank the leader and make the various financial organizations that form the main body of specialized banks (including all other financial organizations) into savings institutions. Since 1980, the formerly separate management of savings and loans has come together under the "deficit control" system of specialized banks who are trying to deal with the deficit between credit and deposits. Consequently, specialized banks now have the capability to engender derivative deposits.

Deposits in specialized banks can be broken down into three categories. First, there are state finance deposits. These deposits are directly under the control of the central bank and are not a source of funds available to the specialized bank. Second, are ready-cash deposits; these include the savings deposits of urban and rural residents and the fixed-term deposits of enterprises. Third, there are circulating deposits. These mainly consist of demand deposits of enterprises and generate the major portion of derivative deposits. These funds that make up derivative deposits are originally loans extended to the specialized banks by the Central Bank; they are the money supply. Once this basic money supply is held by the specialized banks, it can then be extended to the enterprises in the form of loans; thus if money earmarked for enterprises increases, this will eventually result in enterprises increasing their deposits, which in turn will stimulate specialized banks to make a corresponding increase in credit. Thus it can be seen that the original source of money for specialized banks can result in manifold increases in deposits and in the money supply. The level of credit control is necessarily in the realm of rationally limiting the basic money supply.

The People's Bank of China is the supplier of money and the final source of loans. It determines the basic money supply for the national economy and is the original source of money for all specialized banks. To better regulate money, the People's Bank of China has established a system of deposit reserved fund. All specialized banks will deposit a portion of their funds into the central bank and the central bank will extend loan-style credit to the specialized banks (interests to be paid to depositors). More and more people are now recognizing that if a money-supply mechanism that is based on deposit reserved fund can be set up and perfected, not only will it be beneficial to the regulation of money, but it will also serve as a means to control the multiplying rate of money supply, thus aiding in the management of aggregate finances. In more concrete terms, the reciprocal of the rate of deposit reserved fund multiplied by the ratio of enterprise deposits in the proportion of all bank deposits and cash (reserves) is equal to the entire amount of money. In the 6 years since 1979, the ratio of enterprise deposits to a bank's overall deposits and cash reserves averaged 27.99 percent. According to present regulations, 10 percent of all enterprise deposits in specialized banks must in turn be deposited in the central bank as precautionary funds. Thus the enterprise deposit rate is multiplied by 10 and the rate of money growth is  $10 \times \frac{27.99}{100} = 2.8$ . This rate is a bit high in relation to China's present circumstances. But if the rate of enterprise deposit funds to be assessed for deposit reserved fund were, respectively, 20 percent, 25 percent, and 30 percent, then the rate of money growth would fall to 1.4, 1.1 and 0.9, respectively. Suppose that during the term of a plan the central bank decides to supplement credit by 50 billion yuan. If at various times the ratio of enterprise deposits to be remitted for deposit reserved fund were 10, 20, 25, or 30 percent, then the volume of the money supply would increase during the term of the plan over the previous term, respectively: 50 billion yuan  $\times$  2.8 = 140 billion yuan; 50 billion yuan  $\times$  1.4 = 70 billion yuan; 50 billion  $\times$  1.1 = 55 billion; and 50 billion  $\times$  0.9 = 45 billion yuan. If each of these respective increases are added on to the actual money supply at the end of the previous plan term, then it may be possible in the course of the present plan for the overall money supply to reach the upper limit.

From the above considerations, we can see that the central bank's control over the proportion of funds to be handled by specialized banks for deposit reserved fund can also lead to control over the tightness or looseness of credit issuance from specialized banks. When the ratio of deposit reserved fund is high, this can reduce or suppress the creation of money, which will in turn reduce the amount loans available from specialized banks and put a halt to loose credit. On the other hand, when the deposit reserved fund proportion is low, the money supply tends to multiply; loose credit may appear, as it did last year before last, creating the possibility that control over credit could be lost. Thus in order to strengthen its macroeconomic control, the Central Bank must first control the basic money supply and once again readjust the 14-percent proportion rate for deposit reserved fund. Right now this proportion should be fixed at 15 to 20 percent for enterprise demand deposits and 10 to 15 percent for urban and rural workers' savings accounts and enterprise time deposits; these are more suitable rates. These proportions are not to be considered immutable; the central bank can readjust them to correspond with circumstances regarding national economic development, the nationwide money supply, or the availability of credit. In order to control the overall money supply from a macroeconomic position, the central bank must not publish a precisely quantified plan regarding the scale of credit or the money supply; the money divided up and distributed to the various branches of the specialized banks will itself serve as a planning directive and an added control. The head office of the central bank will not pay interest to any specialized bank on the deposit reserved fund that it remits; those funds will be set aside for genuine emergency or special situations. Specialized banks may lend money between themselves at discounted rates as adjustments on surpluses or shortages, but these transactions must be cleared through accounts with the People's Bank so as to facilitate the central bank in its supervisory role.

THE PEOPLE'S BANK  
OF CHINA

## MINERAL RESOURCES

### GOLD MINING BY PRIVATE CITIZENS ENCOURAGED

Hong Kong CHING-CHI TAO-PAO [ECONOMIC REPORTER] in Chinese No 3, 13 Jan 86  
p 28

[Article by Xu Xu [1776 2700]: "Surveying and Mining of Gold by Private Citizens Encouraged; Price of Gold Raised, Rewards for Striking Gold Set, Development Funds Provided"]

[Text] China has become a major gold-producing nation. China's yearly production of gold has catapulted it into sixth place among the gold producers worldwide after South Africa, the Soviet Union, the United States, Canada, and Australia.

Increasing production and reserves of gold is an important part of the Seventh 5-Year Plan which begins next year. This is so because it is both an important industrial raw material and a hard currency. The production of gold is closely involved with balancing the budget, balancing foreign exchange payments and guaranteeing the smooth implementation of the economic reforms.

Zhu Xun [2612 6064], who recently became head of the Ministry of Geology and Mineral Resources, not long ago at the National Gold Work Conference declared: It is essential that China greatly increase production of gold in the short run. In the next 5 years every effort must be made to surpass the total output of gold during the Sixth 5-Year Plan by 55 percent and guarantee that by 1990 yearly production will have doubled the present level.

Large-scale surveying for gold is now in progress throughout the interior. For this purpose the government has created a special National Gold Geological Survey Leadership Group to set up a coordinated, unified plan and lead China in its gold-mining program.

According to relevant data, at present mankind has in its possession some 90,000 tons of gold. There are still 60,000 tons unmined, most of which is in South Africa, the Soviet Union, the United States, and, further down the list, China.

China has 4 gold-mining territories and 58 mining areas, which, besides those in Shanghai Municipality, are scattered throughout various provinces, municipalities, and autonomous regions (including Taiwan Province). Of the various

categories of potential gold deposits in the world, all have been discovered in mainland China. The era when China only mined gold from veined quartz or gold-laced sandbeds is now past.

Concerning China's gold deposits, experts say that the placer gold are mainly deposited in the No 4 style of river valley, which is to be found in Heilongjiang, Sichuan, Shaanxi, Gansu and Jilin. The major gold veins varieties--quartz type vein deposits, eroded rock deposits, and metamorphized molten gold deposits--are found in Shandong, Heilongjiang, Jilin, Henan, Hebei, and Hunan provinces. Gold in existence together with other kinds of mineral are found in Hubei, Anhui, Jiangxi, Gansu, and Liaoning. Other known varieties with good mining potential, such as Kalin gold, has also been widely discovered in China. Furthermore, western China is essentially virgin territory for gold mining. Areas considered ripe for mining gold, such as the Dalimu basis, the Zhungeer basin, the Ili River valley, and the Lhasa area have not even been thoroughly surveyed.

The history of gold mining in China is long, the earliest trace of it being in the Yin period of the Shang dynasty, about 3,000 years ago. During the reign of Guangxu in the late Qing dynasty, yearly production of gold was about 413,000 ounces which was a record at that time. But because of invasions and the spread of the civil war, production of gold suffered a severe setback in China; by the time new China was established in 1949, yearly production of gold had fallen to 200,000 ounces.

Since 1957, China has progressed with geological surveys for gold. In the mid-60's and especially since 1975 there have been successive discoveries of large-scale gold deposits, including those at Tuanjie Ravine and Mt Dongfang in Heilongjiang, Xincheng, Jiaojia, and Cangshang in Shandong and Hetai in Guangdong.

China has a corps of more than 52,000 working exclusively on gold and geologic surveys, including a geological team from the Ministry of Geology, a geological team from the Nonferrous Metal Corp. and the Wujing Gold Corps (formerly the Army Engineering and Gold Mining Corps). These surveyors already possess an array of advanced domestic and foreign mining and surveying equipment. Through the use of new methods for analyzing contents of gold, China has moved from its former utilization of geochemical gold samples in searching for gold to the application of direct prospecting for gold.

During the last 10 years, yearly production of gold in China on the average increased more than 10 percent. More than 100 core gold mines and more than 4,000 smelting locations have been established. Basically, most important gold mines are now using mechanical equipment for drilling, packing and transporting. Placer gold mines are equipped with mining vessels and advanced washing systems. Mines famous in China and overseas are in the Jiaodong peninsula and the Xiaoqin Mountains. In the past, China did not have a county that produced 10,000 ounces of gold but by 1984 there were 14 such counties. They are Zhaoyuan, Rushan, Huangxian, Yexian and Muping counties in Shandong; Kuancheng, Qinlong and Qianxi counties in Hebei province; Lingbao



and Songxian counties in Henan Province; Harqin Banner and Qahar Right Wing Middle Banner in Nei Monggol; Beipiao in Liaoning Province and Mojiang in Yunnan Province. Among the above is Zhaoyuan County in Shandong, known as "the City of Gold," which last year led the nation in gold production with 80,000 ounces.

In order to expand gold production, the Chinese government has set forth a policy whose most important elements are as follows:

--State and collective enterprises as well as individuals are encouraged to mine gold. Regardless of the industry, department, or area, all that is needed are the resources and manpower to get a mining operation underway.

--The price of gold will be raised. After undergoing several adjustments, the present price of gold per ounce is 700 yuan, a 460-yuan increase over the price in 1962. Moreover, for private goldminers the price may go as high as 900 yuan per ounce.

--Rewards for discovering gold have been established. For each mine discovered with 1 ton of gold reserves, the China Gold Corp. will offer a reward of 10,000 yuan or \$5,000 in foreign exchange.

--Development funds will be supplied. For each ounce of gold remitted, in addition to paying for the gold, development funds worth 200 yuan will be offered as a bonus; local or state enterprises will receive an amount of foreign exchange proportionally correspondent to the volume of gold turned in. The state will also offer gold producers low-interest or interest-free loans and material subsidies as well priority shipping and electricity.

Gold mines in China are predominantly on a medium or small scale; large mines are few. Thus, the government has instituted the policy that "Big mines must be extensively developed and small mines must be given free rein." Furthermore, since the long-term ban on private citizens mining gold has been lifted, the nation has been in the throes of "Gold Fever." Based on incomplete statistics, among the more than 2,000 counties in China, more than 400 counties and 200,000 people are engaged in gold-mining operations. Last year, local and private medium- and small-scale mining operations accounted for nearly half of the nation's total gold production.

In the last year or two several large-scale private gold mines have appeared, such as the Shuanglong gully in the Ha River region of Tianzhu County in Gansu Province. In the 10-li-long river valley, there are more than 330 gold-mining shafts and more than 17,000 workers, not including the 2,000 plus people sifting sand for gold along the river bed. According to estimates from that area's administrative body, from July of the year before last until last July, the Shuangdong gully produced all together more than 1,000 jin of gold, a daily average of 30 ounces. In this kind of private gold-mining operation the big problem is that a substantial amount of gold flows into the hands of private merchants. Relevant departments will soon propose a new scheme to strengthen administration of gold mining by private citizens.

INDUSTRY

RAPID INCREASE MADE IN CHEMICAL FIBER PRODUCTION

Tianjin TIANJIN RIBAO in Chinese 21 Nov 85 p 1

[Article by Li Anding (2621 1344 1353): "China's Chemical Fiber Production Jumps to Sixth Place in the World"]

[Text] Reporters learned the following from the international conference on manmade fibers that recently opened in Beijing: China's young manmade fiber industry experienced rapid growth during the Sixth 5-Year Plan; it now has an annual production capacity of 1 million tons and has leaped to sixth place in the world. China's production of various manmade fibers during the first 12 months of the year totaled 760,000 tons and the total for the year is expected to exceed 800,000 tons, which is roughly an 8-percent increase over 1984.

A group of manmade fiber experts from various countries noted the very fast growth of China's manmade fiber production, that went from an annual production of 100,000 tons in the early 1950's to the present - 8,000 tons - to be a rare occurrence in the world's history of manmade fiber development. Manmade fiber now accounts for 22 percent of China's total textile industry and has become the material second only to cotton.

China's manmade fiber industry is going from the stage where it mainly produced viscose fibers into a stage concentrating on synthetic fibers, giving the needed attention to raw materials and producing fiber-spinning equipment. Widely used polyester fiber already accounts for over 50 percent of production. Some new varieties being developed internationally are already being volume produced in China. For example, the annual production of dope dyeing fiber is approximately 20,000 tons, while heterogeneous varieties, fluffy and soft air-jet polyester fiber and composite fibers that have the natural crimping effect of wool are being produced in small volume. Poreless, water-absorbent polyester that offers good ventilation and the texture of silk, and leather fiber that has good rigidity and can withstand high temperatures have also been successfully developed in China.

1985-11-21  
Tianjin TIANJIN RIBAO

## INDUSTRY

### CHINA'S SHIPBUILDING INDUSTRY SHOWS CONTINUED GROWTH

Shanghai WEN HUI BAO in Chinese 5 Dec 85 p 1

[Article by Xin Guangqi (6580 1342 3829) and Xu Minxi (1976 904 1713):  
"China's Shipbuilding Industry Marches Toward the World, Export Ships for the  
Last 5 Years Have Totaled 1.25 Million Tons, With the United States, Italy,  
and Various Other Countries Placing Orders for These Ships; Products Made in  
Shipping Have Been Exported to Dozens of Countries and Regions"]

[Text] While international shipbuilding is in a slump, China's shipbuilding  
industry is steadily developing. There are now over 40 ship plate plants  
and other specialized equipment plants throughout China, and during the last  
5 years these yards and factories have built export ships totaling 1.25 million  
tons. China's developing shipbuilding industry has drawn widespread interest  
from international shipbuilding and shipping circles. This information was  
learned by reporters at the 1985 International Maritime Technology & Trade  
Conference and Exhibit which opened yesterday.

China now has over 50 ship plate plants and over 40 specialized marine  
equipment plants that employ 940,000 people. Most of the scientific research,  
design, and production capability of these facilities are under the China  
State Shipbuilding Corp (CSSC). This corporation has under it regional  
companies at Shanghai, Guangzhou, Dalian, and nine other places. It has also  
set up the China Shipbuilding Trading Corp., the China Offshore Platform  
Engineering Corp., the China Hovercraft Technology Development Corp., and six  
other specialized corporations. There are also 13,000 shipyards, 10  
building berths capable of building ships larger than 10,000 tons, the largest  
being a 100,000-ton class berth; they have 4 docks of the 10,000-ton class  
with the largest being a 10,000-ton dock. The CSSC also manages Asia's  
largest ship testing and research organization.

Of the regional corporations, the Shanghai Shipbuilding Corp's 4 shipyards,  
that include Jiangnan and Hudong, have built most of the ships and the nearly  
40 percent of the entire country's foreign orders, and during the Sixth  
5-Year Plan have built 14 ships exceeding 10,000 tons. State Gold Awards  
for quality have been awarded to four of these ships and silver awards have  
been given to nine other ships and engines.

Currently, China is capable of designing and building the new class of  
destroyers, and various other types of warships and auxiliary ships.

military use; China has developed specialized ships such as the "Xiang Yang Hong No 10" and the "Yuan Wang" multipurpose hydrographical ships, ships for offshore exploration and salvage ships; China has built over 500 various types of ships and boats for ocean, coastal, and river use including freighters, tankers, large dredgers, powerful tugboats, hovercraft, and water-jet-propelled craft; and China has also built many semisubmersible and jackup drilling rigs.

Since 1980, China has been developing its ship export business. The shipyards concerned have engaged in active economic and technical exchanges and cooperation with other countries, over 700 contracts have been signed dealing with technical cooperation and trade licenses with the main purpose of importing advanced technology. This has greatly accelerated the modernization of China's shipbuilding industry. China's ship exports total 1.1 million tons, with the United States, Italy, the FRG, and Norway among the countries placing orders. Scores of marine products including diesel engines, diesel generating sets, propellers, and magnetic compasses are now being exported to dozens of countries and regions. The majority of products produced using imports technology have now been approved by China's marine inspection organizations and related organizations of foreign countries.

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INDUSTRY

PRODUCTION TRANSFORMATION OF NO 1 AUTO PLANT

Changchun JILIN RIBAO in Chinese 6 Jan 86 p 1

[Article by Li Shizheng [2621 1102 2398]: "Production Increase Realized by No 1 Auto Plant During Remodeling Transformation, Automobile Production for 1985 Totaled 85,000 Vehicles, Comparison of the Sixth 5-Year Plan with the Fifth 5-Year Plan Shows a Production Increase of 23 Percent and a Profit Increase of 30 Percent"]

[Text] The economic index of the Changchun No 1 Auto Plant showed a large increase during the Sixth 5-Year Plan. In comparison with the Fifth 5-Year Plan it showed an increased production of 23 percent, increased output value of 33.5 percent and profit of 30 percent.

During the Sixth 5-Year Plan, the remodeling transformation of the No 1 Auto Plant was placed on the list of key state projects. Remodeling transformation involves a large amount of work and some very arduous tasks. Along with this transformation work an increase in production also had to be maintained, which caused great difficulties. In order to shoulder both of these heavy burdens, personnel of the No 1 Auto Plant boldly searched for new methods and under overall planning carried out work in a synchronized and staggered manner. They persisted in reform and while strengthening political and ideological work also implemented decentralized management and various forms of the economic contract responsibility system which greatly aroused the enthusiasm of the workers. Under the condition of having excess work loads on various production lines and key facilities, they used conscientious organization and meticulous planning to enable the plant to have yearly production increases. The plant's automobile production for 1985 totaled 85,000 vehicles and had its best economic results ever that year.

At the same time production was being increased, the majority of remodeling transformation work was also completed. Design has been finalized for remodeling of the new car, the engine has undergone production line trial-assembly, trial-installation and test-production has been carried out on other items, and the best use is being made of imported items.

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## INDUSTRY

### PLANS OUTLINED FOR NONFERROUS METALS INDUSTRY

Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 12, 24 Mar 86 p 20

[Article by Yang Like [2799 4409 4430] and He Wenping [0149 2429 0756]: "The Current Situation and Prospects of China's Nonferrous Metals Industry"]

[Text]

#### I

China has extremely abundant nonferrous metals resources. The range in kinds is complete and the reserves are sizable. China has the world's largest reserves of tungsten, tin, antimony, zinc, and rare-earth metals. Its reserves of copper, aluminum, lead, nickel, molybdenum, and other metals are among the first rank in the world. Looking at proven deposits today, China has every nonferrous metal element on the periodic table. This is an exceptional advantage for the expansion of the nonferrous metals industry.

What is the present level of development of China's nonferrous metals industry, and what is its place in the national economy? The other day, Fei Ziwen [6316 1311 2429], general manager of China Nonferrous Metals Industry Corp. explained to reporters: the nonferrous metals industry is an industry that requires little capital yet produces much. The ratio of investment to returned income is 1: 1.6. That is to say, yuan of state investment produces 1.6 yuan in income. This is the fourth highest such return among heavy industries, surpassed only by petroleum, petrochemical, and machine industries. The nonferrous metals industry also is a good producer of foreign exchange. Since 1949, the foreign exchange earned from the export of refined tungsten has been the leader of all of China's exported products.

The nonferrous metals industry is a basic industry. It also is the basis for other basic industries. It is an important component of high-quality materials. Today, with the constant change in science and technology and with the rapid advance of the industrial revolution, the expansion of the nonferrous metals industry is even more important than ever. The party's central leadership has instructed that the nonferrous metals industry be placed in important positions in the Seventh 5-Year Plan and in future 5-year plans after today. This is a policy with strategic vision.



## II

Fei Ziwen said China was one of the first civilized countries to discover and use nonferrous metals, but the nonferrous metals industry did not really start until after 1949. From 1953, when the Fushun Aluminum Plant produced China's first aluminum ingot, until today, the nonferrous metals industry has fully developed. Annual production has increased 100-fold over that in the early years of the People's Republic. Moreover, quality has greatly improved and the number of varieties expanded. According to 1984 statistics, there are 800 enterprises, employing 1.2 million staff and workers in the nonferrous metals industry system. A large-scale, independent system for the nonferrous metals industry has been built, from geological exploration, planning and construction, to production research and schools.

The development of China's nonferrous metals industry has gone through three periods: first steps, stagnation, and expansion. The 17 years before the Cultural Revolution comprise the first period. During this period, there was rapid expansion in terms of quantity, quality, and variety. Foreign exchange earned from exports exceeded the amount of foreign exchange spent on imports. During the 10 years of disruption, the development of the nonferrous metals industry was slow, and even declined for a time. Exports decreased and imports increased. Departments that had earned foreign exchange became departments that spent foreign exchange. After a period of gradual recovery, quickened development began after 1983. The total value of production in the nonferrous metals industry has progressively increased, as have both profits and the amount of foreign exchange earned.

Even though the nonferrous metals industry has developed to a certain extent, it still cannot meet the needs of the national economy. Production remains a relatively weak link. Quantity, quality, and variety all await improvement. Moreover, the situation of imports exceeding exports has yet to be reversed.

## III

In order to improve leadership in the nonferrous metals industry and to further utilize China's nonferrous metals resources, the State Council decided to remove the nonferrous metals industry from the Ministry of Metallurgical Industry. On April 1, 1983, the China Nonferrous Metals Industry Corp. was founded. It reports directly to the State Council. It combines both production and sales, industry and trade. It shoulders economic responsibilities for the state, but also has the status of a legal person. The corporation is guided by the central state plan and exercises centralized management of production, distribution, and sales, of personnel, finances, and materials, and of domestic and foreign trade in all subordinate enterprises. In addition, it has the responsibility for overall planning for production, construction, and imports and exports related to China's nonferrous metals industry. For more than 2 years, the party's central leaders have listened on a number of occasions to reports from the corporation and have given important instructions: The nonferrous metals industry is one of China's most important industries. Within it are abundant

resources. It is a department that can be very profitable. With the push of time, it will become increasingly profitable. We should have this vision.

Fei Ziwen said the State Economic Commission, the State Planning Commission, and other departments have worked with the corporation in setting the Seventh 5-Year Plan for the nonferrous metals industry. Using 1983 production as the base, the Seventh 5-Year Plan calls for doubling production of 10 nonferrous metals. We should carry through reforms, and continue to implement the strategic plan for the development of nonferrous metals. Top priority will be development of aluminum, with active development of lead and zinc, and where conditions permit, of copper. There will be selective development of tin, antimony, and other products that are good exports. The Seventh 5-Year Plan emphasizes the improvement of technology, and the expansion of existing enterprises and production bases. There are 26 key projects involving new construction in critical production areas and in large and medium-scale capital construction projects. For aluminum, the emphasis will be on expanding aluminum industries in the northwest and southwest regions and in Henan. For lead and zinc, the emphasis will be on construction in the northwest region. For copper, key factories and mines in the lower Chang Jiang region will be expanded. For tin, the two tin base areas of Yunnan and Guangxi will be improved and expanded, with support given to the expansion of some medium-and small-scale tin mines. For nickel, there will be continued construction in the second phase of the Jinchuan project.

The general manager also told reporters: "During the Seventh 5-Year Plan, emphasis will be placed on scientific research and much effort will be devoted to finding new nonferrous metal materials. The development of new materials in coordination with military-industrial production, such as aluminum-gold and titanium-gold compounds and other special nonferrous metals, will serve in sharpening technology and modernizing national defense. The development of new electronic materials will be actively pursued in order to meet the research and production needs of large-scale integrated circuits. A key research project will be exploration for the special materials used in large-scale nuclear power plants, so that all of the zirconium-gold compounds used in China's nuclear power plants will be completely supplied domestically, and superconductive materials will enter the international marketplace. There are also plans for the extension of rare-earth compounds and new materials with large social returns, and other items.

Fei Ziwen, who has just turned 50, is an expert who has worked in the nonferrous metals industry over 30 years. He studied at one time in the Soviet Union, and worked for many years doing basic-level work. In 1983, he was appointed general manager of China Nonferrous Metals Industry Corp. He said that since 1983 the corporation has signed agreements with 23 provinces, municipalities, and autonomous regions for joint operation of 39 projects. This has changed the old situation of single-enterprise management and having no other choices. It has mobilized resources on all fronts, and offers advice and support for the expansion of the nonferrous metals industry. At the same time, the corporation will actively use foreign capital. It already has professional relationships with 300 companies and factories from 22 countries and regions to import advanced foreign technology and equipment and to jointly invest with foreign enterprises in mines and factories.

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SMALL-SCALE ENTERPRISES

NI XIANCE, OTHERS ATTEND JIANGXI RURAL ENTERPRISE MEETING

OW281245 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 27 May 86

[Excerpts] Speaking on behalf of the Jiangxi Provincial CPC Committee and the provincial People's Government, Jiang Zhuping, member of the standing committee of the provincial CPC committee and vice governor of Jiangxi Province, put forward some new demands for Jiangxi's village and town enterprises at a provincial meeting on village and town enterprise work. He called on village and town enterprises to continue the trend of development, achieve a growth rate higher than the nation's average, higher than Jiangxi's industrial growth rate, and no lower than their last year's growth rate, and strive for new great developments this year. The meeting opened in Nanchang on 24 May.

Some 320 persons attended the meeting. They included the comrades in charge of rural work and directors of the bureaus of village and town enterprises of prefectures, cities, and counties and representatives of some provincial departments concerned.

Provincial party and government leaders Ni Xiance, Xu Qin, Jiang Zhuping, Pei Dean, Zhao Zengyi, Peng Shengxi, and (Li Liang) attended the meeting. Ni Xiance, Xu Qin, and Zhao Zengyi also spoke at the meeting.

Ni Xiance said: It conforms with Jiangxi's realities for our village and town enterprises to continue to strive for great developments. Our village and town enterprises made tremendous achievements last year. However, we are still way behind our neighboring provinces in this respect. The per-capita income of our peasants is low and our revenues are small. This fact has something to do with the slow development of our village and town enterprises. The development of village and town enterprises is a key to our economic development and to achieving a growth rate slightly higher than others. After laying down a policy for development, we should also clarify our guiding principle. Our guiding principle should be one of enhancing understanding, putting the village and town enterprise on the right track, adopting more flexible policies, and providing positive support.

Jiang Zhuping delivered a report at the meeting. His report was entitled: Persist in Thoroughgoing Reforms, Continue Decontrols and Economic Invigoration, and Bring About a Greater Development in Jiangxi's Village and Town Enterprises. The meeting closed on 27 May.

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